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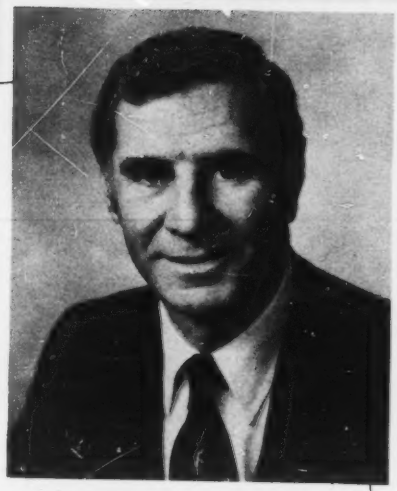
Economic Report of the Governor

1985

George Deukmejian
Governor
State of California



State of California
GOVERNOR'S OFFICE
SACRAMENTO, CA 95814

GEORGE DEUKMEJIAN
GOVERNOR

April 15, 1985

To the Senate and Assembly of the Legislature of California:

When I presented my first economic report to you in 1983, our economy was in deep distress. Record numbers of businesses were closing their doors and 11 percent of our fellow Californians were out of work. I said then that I wanted state government to help put California's economy back on top and put our people back to work.

I am very pleased to report that we have made great strides towards these goals. In 1984, personal income was up 11 percent over 1983. Corporate profits rose 16 percent to the highest level since 1980. Most importantly, unemployment was down to 7.1 percent from its 11 percent high in 1982. Today, over one million more Californians are on the job than were working two and a half years ago.

State government has aided this sparkling recovery in a variety of ways, which are highlighted in the opening pages of this report. We have paid off our debts to the past, balanced the budget, set aside a prudent reserve for emergencies, and refused to raise general taxes on the people or on business. California is back "in the black" again and with your continued assistance, that's where we are going to stay.

By restoring California's fiscal health and by putting the welcome mat back out for business and responsible growth, we have restored confidence in our state and that has meant more jobs for our people. We will experience fluctuations in the performance of our economy, but I am confident that by continuing our common sense approach to state policy we can sustain healthy economic progress in 1985 and in the challenging years to come.

Most cordially,

George Deukmejian

George Deukmejian

Governor's Economic Highlights

California is strong again, and its economic future is filled with exciting opportunities. Personal income is up and our jobless rolls are shrinking. 1985 promises to be another year of good growth and continued consumer confidence.

Business Expansion

Businesses have demonstrated positive action by investing in California's future. In 1984 at least 420 companies located or expanded operations in California. This is a dramatic increase over the 240 expansions experienced in 1983. These enterprises will generate $3 billion in new investment in our state and plenty of room remains for responsible growth.

In 1985–86 the Administration is proposing an expenditure of $268 million to promote business, housing and California's economy. Part of this effort includes $2 million for the establishment of the Business Advertising and Marketing Plan to attract more business, investors and jobs to California. The Advertising and Marketing Plan will enhance California's business climate and has the potential of creating 29,000 new jobs.

California sits on the frontier of the most dynamic economic growth region the world has ever seen—the Pacific Basin. This is a $3 trillion market place and it is growing by $3 billion a week. This Administration is working diligently, through such avenues as the California Trade Commission, to keep the lanes of commerce between these dynamic economies open and expanding.

Enterprise Zone Programs

Enterprise Zone legislation became effective on January 1, 1985 authorizing the State to designate up to 19 Enterprise Zones in economically distressed areas throughout the State. The Enterprise Zone program is designed to promote economic and business activity through public incentives to private businesses who agree to locate in the designated economically distressed areas.

Privatization

The California economy now places a greater reliance on private construction, maintenance and ownership of facilities previously thought of only as public entities. Privatization is being used by the State to finance such things as our prison expansion program, and in the City of Norco, the private sector is being relied upon to construct and operate a waste water treatment plant. In the future, this Administration will propose legislation to encourage greater use of this innovative approach.

Tourism

Through the Office of Tourism this Administration has launched an aggressive $5 million advertising program to attract more tourism dollars to California. This investment will ultimately generate $236 million in tourism travel and support 4,300 jobs annually. This new expenditure moves California from 47th place in state travel budgets to 9th place.

Rebuilding California

The Administration believes that a partnership joining the State, local government and the private sector is needed now to continue to progress toward repairing, refurbishing and rebuilding the State of California. This effort will include $25 billion between 1984–85 and 1989–90 and

proposals to provide the tools that localities need to meet their own particular needs.

Planned programs include expenditures for highway construction, a ten-prison expansion program, refurbishment of education facilities, and support for State parks, toxic clean-up, disposal of municipal waste, and maintenance and development of the State Water Project.

Jobs

Increasing job opportunities for our growing population is an important concern of this Administration. In December, 1982, 11 percent of employable Californians were out of work. Since then, the unemployment rate has dropped to 6.7 percent. During the first 18 months of the newly created Job Training Partnership Act program, 37,000 Californians participated and nearly 60 percent were hired in private sector employment.

Gradually, the State is approaching full employment levels. Overall, one million more Californians are on the job today than were working just over two years ago.

State Training and Employment Program for Unemployed Persons (STEP-UP)

Dependency on welfare in California has occurred with little or no relationship to the contraction or expansion of the economy, thus leaving the poor behind when so many others have succeeded in finding jobs. During the 15-year period between 1970 and 1985, Californians watched annual expenditures for welfare programs grow from $2.3 billion to over $12.3 billion, a 600 percent increase. During the same period, our population grew by 27 percent, yet our Aid to Families with Dependent Children program (AFDC) rolls increased by 67 percent. Today one out of every seven children in our State comes from a welfare family. In 1960 one out of every 26 children in California came from a family on welfare.

In order to reduce this increasing dependency on the welfare system, the Administration has introduced legislation to help our disadvantaged citizens fulfill their dream of independence and self-sufficiency. This legislation, called the State Training and Employment Program for Unemployed Persons (STEP-UP), will provide a compassionate, service-oriented employment program that will significantly assist able-bodied, welfare recipients to obtain employment. STEP-UP will permit many thousands of families, chronically dependent upon public assistance, to share in the abundance of this State's economy.

Toxics

California's progress produces inevitable and unfortunate by-products. Every year, Californians generate 35 million tons of nonhazardous waste and at least 10 million tons of hazardous waste.

No program to improve California's economic climate and quality of life can be complete without a major effort to clean up our unsafe toxic waste dumps as quickly as possible. During the Administration's first two years, 99 hazardous waste sites have been cleaned up as opposed to just 13 in the previous eight years. During the same period, over 2,600 inspections were launched and over $1.9 million in fines were levied. Now, the Administration is moving forward to clean up at least ten of the most hazardous sites without delay. This effort will be funded by the $100 million bond measure approved by the voters last November. The Administration has also proposed that an additional $200 million bond measure be placed on the ballot to allow the additional clean-up of superfund sites.

To help ensure a clean environment and to avoid a duplicative bureaucracy, the Administration has proposed the establishment of a Department of Waste Management. This department will be responsible for the safe disposal of waste and hazardous toxics, as well as for encouraging the development of new technology to rid our society of this growing burden. Economic and social progress in California can only be built upon a solid and healthy bedrock and not a poisonous swamp of garbage and toxic waste.

Education

Education is California's highest spending priority, with 53 percent of the 1985–86 General Fund budget devoted to schools. In fact, California spends more money on more levels of education than any other state.

The Administration's first three budgets have added an average 30 percent increase in funding per pupil to the State's kindergarten through 12th grade schools. For all levels of education, a total of $10 billion of new money has been added during the same time period.

We view excellence in education as a key element in our success as a leader in the nation and the world. California already has the best educated work force in the nation. But we must continue this

effort to make our citizens competitive in the job market.

Taxes

All of these things and much more have been accomplished without the necessity of raising state taxes. In fact, the economic and revenue estimates for 1985–86 indicate that California taxpayers will devote *proportionately less* of their personal income to State taxes for the second year in a row. In 1984–85 taxes paid per $100 of personal income totaled $7.64. In 1985–86, this amount is estimated to decrease to $7.53. In terms of 1984–85 taxes paid per $100 of personal income, today's taxpayers will save an equivalent of $458 million in personal income which will not be paid to taxes in 1985–86.

Outlook for 1985

The Administration is very optimistic about an improved California for 1985. Although the economy should see another year of good growth, it will be somewhat slower than in 1984. Employment and personal income will be up. Consumer confidence is good. By State government maintaining a path of fiscal stability and encouragement of growth in the private sector, all Californians will be able to prosper.

GEORGE DEUKMEJIAN, Governor

STATE OF CALIFORNIA
DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR
SACRAMENTO, CA 95814-4998

April 15, 1985

The Honorable George Deukmejian
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Deukmejian:

I am pleased to submit to you California's 1985 Economic Report of the Governor for transmission to the Legislature.

This report emphasizes the important role State government has played in helping revitalize California's economy. I am optimistic about another good year in 1985 and continued growth in the private sector.

I wish to extend my appreciation to the Department of Finance staff and the numerous State departments who contributed to the development of this document.

Very truly yours,

JESSE R. HUFF
Director of Finance

Enclosure

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Overview

". . .the first months of 1985 started off with a definite upward move."

The past year saw exceptionally strong growth, surpassing all but the most optimistic forecasts. Real gross national product was up 6.9 percent, the best performance since 1978. Other measures of the economy were equally impressive:

- Wage and salary employment rose by 4.5 percent, with 4 million new jobs created.
- The unemployment rate fell to an average 7.5 percent and by year-end was down to 7.2 percent.
- Personal income gained nearly 10 percent. Real income—discounting the impact of inflation—was up almost 6 percent.
- Corporate profits rose by 16 percent to the highest level since 1980.

Gains during the year were far from even, however. The first half saw an exceptional—and unsustainable—rise. The second half, in contrast, was moderate at best and even lethargic in some respects. Consumer spending weakened noticeably. The auto strike led to distortions in several economic measures. Final sales during the last two months were maintained only by extensive price cutting. These developments, in conjunction with other indicators of the business cycle, led to concerns that a period of markedly slower growth was in prospect for much, if not all, of 1985.

In retrospect, it appears that the latter months of 1984 were a breathing space during which the rapid gains of the first half were absorbed. Certainly, the first months of 1985 started off with a definite upward move.

Consumer spending continued to gain, although sales of some lines were still slower than expected. The notable exception was autos, which

saw a sharp gain to nearly an 11 million pace early in the year. Housing activity was up, responding to lower interest rates for home mortgages. Investment remained somewhat uncertain, however. Surveys indicated that spending on plant and equipment would not rise significantly this year, and inventory growth seemed likely to be held in check by still-high inventory levels in some industries.

1985 Forecast

The latest forecast of the Department of Finance calls for real growth nationally this year of 3.3 percent. This will be a year of moderation, without either the excesses or lagging sectors seen in 1984. Related measures will also be up:

- Total employment should rise by 2.9 percent, with the number of wage and salary jobs up 3.2 percent.
- Unemployment should edge lower, finishing the year out just under 7 percent.
- Personal income is expected to be up 6.9 percent.
- Corporate profits will show relatively little change.
- Car sales will come in at approximately 10.7 million units.
- Housing starts will amount to 1.77 million, with activity easing during the last half of the year.

This forecast, prepared during April, assumes that monetary policy will be gradually tightened during the year to curb the strong growth in the money supply which occurred during the first two months of 1985. As a result, interest rates will move higher during the summer and fall months, tending to curtail both consumer and business activity somewhat.

The forecast does not call for a downturn, although the possibility cannot be completely discounted. The current recovery had lasted for 29 months as of April 1985. The average peacetime expansion since World War II has been 34 months. Any excessive rise in inventories or in the consumer credit/income ratio could presage a period of little, if any growth, and possibly even a recession. On the other hand, it is quite possible that the economy will be able to avoid a downturn for several more years.

Within this context, the California economy should see another year of good growth, although at a rate substantially less than during 1984. The following chapters review progress made in the State last year and prospects for 1985.

Updated information on both the national and California forecasts of the Department of Finance can be obtained during the year upon request.

I. Employment

". . .California accounted for more than 15 percent of all the wage and salary jobs created in the United States."

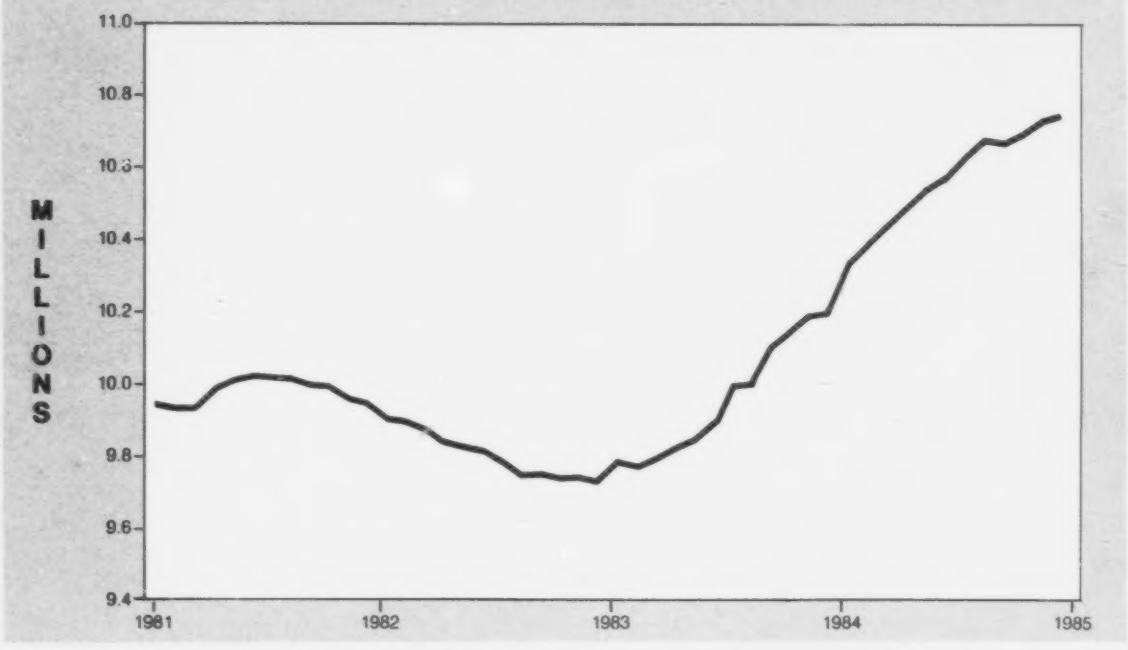
The past year saw the best gain in employment since 1978. The number of nonagricultural wage and salary jobs increased by 610,000, or 6.1 percent. This was a much better performance than experienced in the nation where employment increased by a more modest 4.5 percent. In fact, California accounted for more than 15 percent of all the wage and salary jobs created in the United States. Virtually every major sector experienced a strong rebound, reflecting the sharp growth in business activity during much of the year. Concommitant with this, the unemploment rate fell from 9.7 percent in 1983 to an average 7.8 percent last year. The pattern of expansion was somewhat uneven from quarter-to-quarter, however, suggesting that further gains may be harder to achieve in 1985.

TABLE I-1
CALIFORNIA EMPLOYMENT, 1983 AND 1984

	1983	1984	Change from 1983	
	Thousands	*Thousands*	*Thousands*	*Percent*
Total Nonagricultural Employment	9,965.9	10,575.6	609.7	6.1
Mining	48.1	50.0	1.9	4.0
Construction	369.3	445.2	75.9	20.6
Manufacturing	1,936.5	2,054.7	118.2	6.1
Nondurable goods	621.0	644.5	23.5	3.8
Durable goods	1,315.6	1,410.2	94.6	7.2
Aerospace	662.1	714.4	52.3	7.9
Other durables	653.5	695.8	42.3	6.5
Transportation & public utilities	536.9	554.4	17.5	3.3
Trade	2,343.9	2,512.6	168.7	7.2
Wholesale	603.8	645.8	42.0	7.0
Retail	1,740.1	1,866.8	126.7	7.3
Finance, insurance, & real estate	661.7	692.6	30.9	4.7
Services	2,345.1	2,536.5	191.4	8.2
Government	1,724.3	1,729.8	5.5	0.3
Federal	328.0	331.6	3.6	1.1
State and local	1,396.4	1,398.2	1.8	0.1
Agriculture	353.6	339.9	−13.9	−3.9

Note: Table based on interim employment series prepared by California Employment Development Department. Detail will not add to totals due to rounding.

FIGURE I-1
NONAGRICULTURAL EMPLOYMENT
1981 TO 1984



Nonagricultural wage and salary employment recorded an exceptionally strong growth in 1984, exceeding all expectations at the start of the year. On the average, there were 10,576,000 jobs in the State last year, representing a gain of 610,000, or 6.1 percent, from 1983. The relative increase has been exceeded only twice in the last 30 years: in 1956 and 1978. The comparison is even more dramatic considering that the 1950s were a decade of unusually strong population growth due, in large part, to sustained high levels of inmigration, which both resulted from and led to above-average job gains.

Civilian employment was up by 4.0 percent—considerably less than the wage and salary series. Generally, the two series are more closely related. There are several possible explanations for the divergence, however. The labor force data are derived from a survey of only 5,300 households. The wage and salary series is based on a comprehensive sample of employers and is benchmarked quarterly to actual reports from all employers in the State. The different bases could account for significant variation.

Second, the wage and salary series actually counts the number of jobs in the State rather than job holders. "Moonlighting," therefore, increases the total.

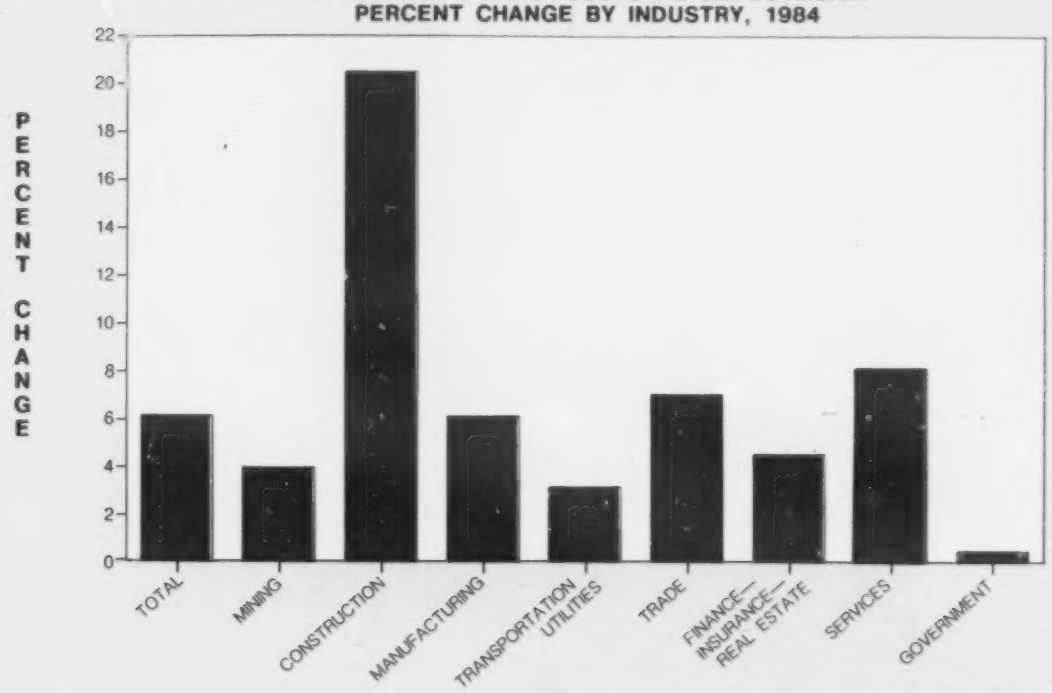
Third, the wage and salary data do not include proprietors and other self-employed persons, farm workers or unpaid family workers. While significant changes in these categories are unlikely on a year-to-year basis, there could, nevertheless, be some changes which would lead to divergence between the two series.

Industry Developments

Last year's expansion was broadly based with major gains throughout the private sector. Only government showed restraint.

Manufacturing. Perhaps the most significant gains were in the goods-producing industries. Manufacturing employment came back very strongly, led by a resurgence in durable goods production. Much of the strength was attributable to the aerospace/electronics industries which benefitted from both Federal and consumer

FIGURE I-2
CALIFORNIA NONAGRICULTURAL EMPLOYMENT: PERCENT CHANGE BY INDUSTRY, 1984



spending. Aerospace employment rose from an average 662,100 in 1983 to 714,400 in 1984, for a gain of 7.9 percent. The 52,300 job increase accounted for 44 percent of the total employment increase in manufacturing.

The aerospace gain was even better than these figures indicate, however. Employment in the seven industries which make up the group stood at 646,800 as of January 1983. By December of that year, this figure had increased to 679,200. One year later—December 1984—aerospace jobs amounted to 738,300 for a gain of nearly 9 percent over the 12 months.

The aerospace/electronics growth has been supported by two factors: the strong upturn in commercial business resulting from the economic recovery, and the strong gain in defense contracting in the State. The commercial aspect has been somewhat mixed. The electronic components and accessories industry was the standout performer with a better-than-17 percent employment gain. Production in this sector is highly sensitive to general business conditions. Office and computing machinery jobs, in contrast, experienced a period of little or no growth for much of the year, reflecting the shakeout which has been occurring in the computer industry.

The gain in defense contracts has been the most noteworthy, however. In 1983–84, defense prime contract awards to California firms amounted to $28.6 billion, a gain of 8.1 percent from the year-earlier level. Over the past four years, the volume of defense business coming to the State has more than doubled. The primary emphasis has been on airframes, missiles and electronic components. These three categories accounted for 62 percent of all awards in 1983, the latest year for which information is available.

Durable manufacturing apart from aerospace was also up strongly. Industries related to homebuilding responded to the rebound in housing activity. The lumber and wood products sector saw the number of jobs increase by nearly 10 percent. Furniture and fixture firms expanded payrolls by 15½ percent.

Nondurable industries registered a smaller gain, remaining below the prior peak set in 1981. Printing and publishing, apparel and rubber manufacturing accounted for almost all of the increase. Other industries, including food processing, reported minor changes.

FIGURE I-3
DEPARTMENT OF DEFENSE:
PRIME CONTRACT AWARDS TO CALIFORNIA FIRMS

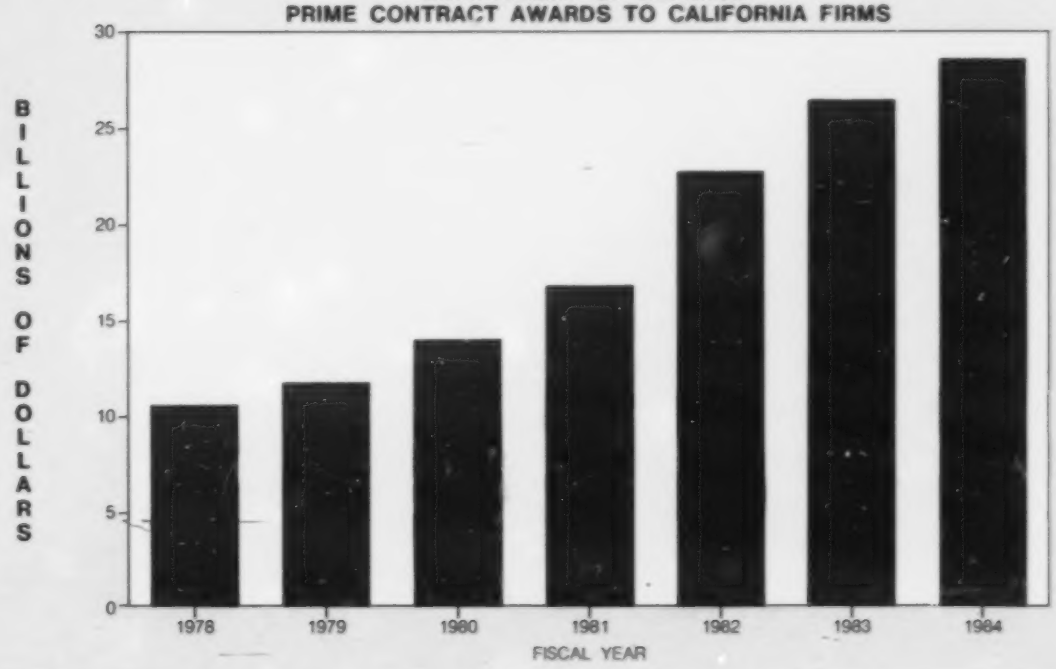


TABLE I-2
AEROSPACE/ELECTRONICS EMPLOYMENT

	1983	1984	Change	
	Thousands	Thousands	Number	Percent
Total	662.1	714.4	52.3	7.9
Office & computing machinery	109.9	115.9	6.0	5.5
Radio & TV receiving equipment	13.5	14.1	0.6	4.4
Communication equipment	152.0	159.1	7.1	4.7
Electronic components & accessories	139.8	164.1	24.3	17.4
Aircraft & parts	133.3	140.5	7.2	5.4
Guided missiles & space vehicles	66.1	70.6	4.5	6.8
Measuring & controlling instruments	47.5	50.2	2.7	5.7

Source: California Employment Development Department

TABLE I-3
MANUFACTURING EMPLOYMENT, 1983 AND 1984

	1983	1984	Change from 1983	
	Thousands	Thousands	Thousands	Percent
Total	1,936.5	2,054.7	118.2	6.1
Nondurable goods	621.0	644.5	23.5	3.8
Food and kindred products	173.4	174.6	1.2	0.7
Textile mill products	13.0	14.2	1.2	9.2
Apparel	103.6	109.0	5.4	5.2
Paper and allied products	37.0	38.9	1.9	5.1
Printing and publishing	128.3	137.2	8.9	6.9
Chemicals and allied products	62.4	64.0	1.6	2.6
Petroleum and coal products	31.0	30.5	−0.5	−1.6
Rubber and plastics	62.8	68.0	5.2	8.3
Leather products	9.5	8.3	−1.2	12.6
Durable goods	1,315.6	1,410.2	94.6	7.2
Lumber and wood products	50.6	55.5	4.9	9.7
Furniture and fixtures	51.6	59.6	8.0	15.5
Stone, clay, and glass	48.7	51.8	3.1	6.4
Primary metal industries	43.5	42.1	−1.4	−3.2
Fabricated metal products	136.3	144.9	8.6	6.3
Machinery, except electrical	223.4	236.3	12.9	5.8
Electric and electronic equipment	358.4	399.8	41.4	11.6
Transportation equipment	258.8	274.0	15.2	5.9
Instruments and related products	103.7	107.6	3.9	3.8
Miscellaneous	40.6	38.6	−2.0	−4.9

Source: California Employment Development Department

Construction. The construction sector was up by more than 20 percent in 1984. Employment for the year, at 445,200, came in just under the peak of 448,700 set in 1979. The recovery in homebuilding was largely responsible for the 25.2 percent rise in the general building component and the 22.8 percent increase in special trades. Employment in the heavy construction industry grew last year for the first time since 1980. Most of the 5.1 percent employment gain can be traced to the large increase in highway contracts awarded by the California Department of Transportation (Caltrans).

Mining. Mining employment has been on a plateau for the past four years, fluctuating between 48,000 and 50,000. Oil and gas production continues to account for more than 80 percent of the mining jobs in the State.

Trade and Services. As would be expected, trade and services recorded exceptional gains of 7.2 and 8.2 percent, respectively. The rebound in consumer spending early in the year, declining interest rates, rising confidence and a significant upturn in business investment contributed to the job increase. In fact, these two sectors alone were responsible for almost 60 percent of all employment growth last year. Furthermore, nearly one out of every two wage earners was employed in services or trade.

The summer Olympics in Los Angeles and the Democratic National Convention in San Francisco were undoubtedly important factors in these sectors. Hotel and motel employment, for instance, rose by more than 12 percent.

Beyond this, however, the general business expansion stimulated demand for both goods and services. Business services, which include such diverse aspects as advertising, computer programming, research and janitorial firms, saw an employment rise of 18 percent. The 95,100 payroll increase in this one component accounted for nearly half of the total growth in services.

Finance Group. The finance/insurance/real estate group experienced a relatively good growth of 4.7 percent in 1984. Real estate firms increased payrolls by 9 percent as declining interest rates led to a significant pickup in the demand for homes. The number of jobs in the finance component was up 4.6 percent. This gain was due to expansions for savings and loan associations,

FIGURE I-4
EMPLOYMENT IN GOODS VERSUS SERVICE INDUSTRIES: PERCENT CHANGES, 1973–1984

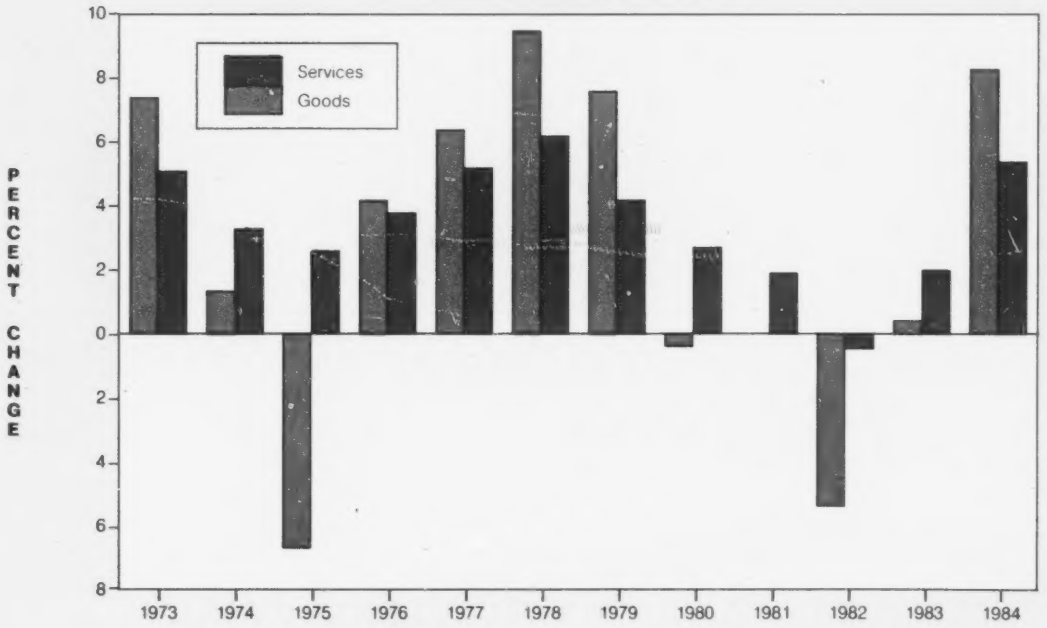


TABLE I-4A
SERVICE EMPLOYMENT, 1983 AND 1984

	1983	1984	Change from 1983	
	Thousands	Thousands	Thousands	Percent
Total	2,345.1	2,536.5	191.4	8.2
Hotel and other lodging	123.1	138.3	15.2	12.3
Personal services	103.6	110.8	7.2	6.9
Business services	529.5	624.6	95.1	18.0
Auto and miscellaneous repair	138.7	154.5	15.8	11.4
Motion pictures	79.3	80.3	1.0	1.3
Amusement and recreation	104.0	110.0	6.0	5.8
Health services	606.0	617.9	11.9	2.0
Other *	660.8	700.1	39.3	5.9

TABLE I-4B
SERVICE EMPLOYMENT AS OF DECEMBER ** 1983 AND 1984

	December 1983	December 1984	Change from 1983	
	Thousands	Thousands	Thousands	Percent
Total	2,424.1	2,601.8	177.7	7.3
Hotel and other lodging	128.2	145.8	17.6	13.7
Personal services	106.7	112.9	6.2	5.8
Business services	573.9	656.0	82.1	14.3
Auto and miscellaneous repair	147.8	157.9	10.1	6.8
Motion pictures	79.0	83.3	4.3	5.4
Amusement and recreation	100.7	107.7	7.0	7.0
Health services	608.2	622.5	14.3	2.4
Other *	679.6	715.7	36.1	5.3

* Includes legal, educational, social, and various miscellaneous services.
** Data not adjusted for seasonal variation.

Source: California Employment Development Department

TABLE I-5
EMPLOYMENT IN STATE AND LOCAL GOVERNMENT, 1983 AND 1984

	1983	1984	Change from 1983	
	Thousands	Thousands	Thousands	Percent
Total	1,396.4	1,398.2	1.8	0.1
State	312.0	316.3	4.3	1.4
Education	139.0	141.7	2.7	1.9
Other	173.0	174.6	1.6	0.9
County	218.4	220.8	2.4	1.1
City	188.8	191.4	2.6	1.4
Special district	88.1	92.2	4.1	4.7
Local education	589.1	577.6	−11.5	−2.0
Total education	728.1	719.3	−8.8	−1.2

Source: California Employment Development Department

credit unions and security dealers. Employment in the banking industry actually declined, reflecting persistent problems for several major institutions.

Transportation and Utilities. Technical factors associated with the AT&T breakup were responsible for holding down growth in the transportation/utility sector. As of January 1, 1984 approximately 11,000 former AT&T employees were reclassified to manufacturing, trade or service areas.

Government. Government was the exception to the strong growth patterns which prevailed in most other sectors last year. The number of Federal civilian jobs did rise by 3,600, or 1.1 percent. Total State and local employment was up only 1,800, a relative gain of just 0.1 percent. The most dramatic change was a drop of 11,500 in local education which offset minor gains in other components. Enrollment declines over the past two years have led to the closing and consolidation of schools in various areas, thereby reducing demand for teachers and other personnel.

Government activities continue to account for a smaller share of all jobs in California due to fiscal restraint at virtually every level. The State and local sector, for instance, accounted for 13.2 percent of all jobs in California last year, compared with 16.6 percent in 1977 which was the last full year before passage of Proposition 13.

Agriculture. Agricultural employment fell almost 4 percent last year to 339,900. Most of the drop occurred in production jobs and reduced the total for this component to its lowest level since 1974. Agricultural service employment has now been virtually flat for three years. Both of these developments reflected the weak agricultural situation in the State, with low prices and production problems severely constraining net income.

Labor Force Trends

The State's civilian labor force increased by 1.9 percent last year, approximately the same gain as for the total population.

Labor force participation (the percentage of all persons 16 and over in the labor force) increased slightly to 65.8 percent from 65.6 percent the year before. The rise in participation is characteristic of an economic expansion of the strength shown in 1984. At the 65.8 percent level, the state's rate is more than a point above the national average of 64.7 percent.

The statewide unemployment rate masks the wide range in employment conditions. In general, the highly urbanized areas have seen dramatic reductions in joblessness. Many counties, in fact, have an unemployment rate which would be termed "full employment". At the opposite end of the spectrum are those resource-oriented counties which still have rates in the mid- to high-teens.

The reasons for these differences are not hard to isolate. The resource counties are largely dependent on agriculture, lumbering and—along the coast—fishing. Each of these sectors has experienced economic difficulties in recent years, with the expected secondary effects on other sectors. The geographic location of many of these counties has so far precluded the development of a diverse economic base. These two situations have hindered mobility of residents. Significant reductions in unemployment rates will, therefore, be extremely difficult to achieve.

The urban counties, on the other hand, have just the opposite conditions: a broad economic base, central location, access to other areas and industries and a mobile population which can respond easily to changing opportunities. The differences in unemployment rates as a result are dramatic:

	September 1984
Imperial	42.7
Sutter	14.2
Del Norte	13.1
Siskiyou	13.0
Tulare	12.5
Shasta	12.3
Kings	12.1
Stanislaus	12.0
Sierra	12.0
CALIFORNIA	7.5
Alameda	6.4
San Diego	6.2
Sonoma	6.1
Contra Costa	6.1
San Luis Obispo	5.8
Santa Barbara	5.7
Marin	4.9
Santa Clara	4.8
San Mateo	4.6
Orange	4.5

TABLE I-6
CALIFORNIA LABOR FORCE AND EMPLOYMENT
1983 AND 1984

	1983	1984	Change from 1983	
	Thousands	Thousands	Thousands	Percent
Civilian Labor Force	12,270	12,502	232	1.9
Civilian Employment	11,084	11,530	446	4.0
Unemployment	1,186	972	−214	−18.0
Unemployment Rate	9.7	7.8	—	—

Source: California Employment Development Department

"Wage and salary employment is expected to be up by 3.5 percent. . . ."

Rates for September were used since they avoid many of the seasonal problems which can distort unadjusted data in other months. By December, many of the areas shown above had considerably different rates. Imperial County was still the highest in the State, although its jobless rate had fallen to 30 percent. At the low end, Marin, San Mateo, Orange and Alpine counties all had rates below 4 percent.

The Outlook for Employment

There is still a degree of uncertainty over the outlook. Assuming a moderate growth rate in the national economy, however, California is likely to see another year of reasonably good growth. Wage and salary employment is expected to be up by 3.5 percent for the year. This growth will lead to further reductions in unemployment. The jobless rate is forecast at an average 6.7 percent.

The outlook for 1986 will be subject to several revisions over the next several quarters. At the present time, a moderate expansion is called for.

In preparing forecasts for 1986 and beyond, the possibility of another recession cannot be ignored. By the end of this year (assuming no downturn before then) the current expansion will have lasted 38 months—four months longer than the average peacetime expansion. Steady growth beyond that point could occur. It would be highly unusual, however, if there were not a recession before the end of the decade.

Updated forecasts will be available from the Department of Finance upon request around June 1.

TABLE I-7
CALIFORNIA EMPLOYMENT, 1985 AND 1986
(Percent changes except as noted)

	1985		1986	
	Thousands	Percent Change	Thousands	Percent Change
Civilian Labor Force	12,896	3.2	13,198	2.3
Civilian Employment	12,028	4.3	12,355	2.7
Unemployment	868	−10.7	843	−2.9
Unemployment Rate (percent)	6.7	—	6.4	—
Total Nonagricultural Employment	10,950	3.5	11,216	2.4
Mining	51	2.1	51	—
Construction	474	6.4	467	−1.3
Manufacturing	2,117	3.0	2,155	1.8
Nondurable goods	659	2.2	669	1.5
Durable goods	1,458	3.4	1,486	1.9
Aerospace	744	4.1	758	1.9
Other durables	714	2.6	728	2.0
Transportation and Public Utilities	568	2.4	581	2.4
Trade	2,640	5.1	2,741	3.8
Wholesale	680	5.3	703	3.4
Retail	1,960	5.0	2,038	4.0
Finance, Insurance, and Real Estate	699	1.0	713	2.0
Services	2,662	4.9	2,760	3.7
Government	1,739	0.5	1,747	0.5
Federal	337	1.7	337	—
State and Local	1,402	0.2	1,410	0.6

Occupational Employment Trends

The Employment Development Department prepares long-range projections of occupational growth in California. These are not tied to recent short-term forecasts. They provide a useful guide, however, to the types of jobs which will be created in the future. Changes in the types of goods and services provided in California can lead to significant changes in the demand for different occupations within the State. Such changes are expected to be modest on a statewide basis through 1990. Employment opportunities will vary between different geographical areas of the State, however. The Los Angeles-Long Beach and San Francisco-Oakland Metropolitan Statistical Areas are expected to be fairly stable, while areas such as Orange County, San Diego and San Jose should experience rapid employment growth.

Total employment in California is expected to exceed 12.3 million by 1990. Job growth will occur in all major occupational groups with the two largest groups, clerical and professional-technical, accounting for almost half of the increase. In 1980, clerical workers were estimated to be the single largest occupational group in California with over 2.2 million job holders. Clerical employment is concentrated in a few specific occupations including secretaries, bookkeepers, general clerks, cashiers and typists. The increasing volume of paperwork and record keeping, the growing complexity of large organizations and industry growth will allow clerical occupations to continue to reflect healthy growth with the total number of clerical workers exceeding 2.8 million by 1990, nearly one-quarter of all projected jobs in the State. Secretaries are expected to show the largest employment growth of any occupation in the State.

Professional, technical and kindred workers are the second largest occupation group in California and are expected to account for nearly one-fourth of the job growth between 1980 and 1990. Professional occupations generally require long and intensive preparation, while technical occupations involve close work with professional personnel and require a combination of basic scientific knowledge and specialized education.

TABLE I-8
OCCUPATIONS WITH THE LARGEST JOB GROWTH
CALIFORNIA, 1980 TO 1990

Occupation	*Change in Total Employment (In thousands)*	*Percent of Total Job Growth*	*Percent Change*
Secretaries	116.3	4.5	42.7
Sales clerks	85.3	3.3	28.7
General clerk, office	69.6	2.7	25.3
Teachers, elementary and kindergarten	65.4	2.5	31.8
Janitors, porters, and cleaners	58.5	2.3	24.2
Cashiers	54.0	2.1	31.9
Food preparation and service workers, fast foods	48.4	1.9	46.1
Sales representatives, technical	46.0	1.8	30.2
Waiters and waitresses	37.8	1.5	21.1
Nurses, professional	37.5	1.5	38.3
Electrical engineers	35.6	1.4	55.6
Guards and doorkeepers	33.7	1.3	46.9
Typists	33.2	1.3	25.4
Accountants and auditors	33.1	1.3	38.2
Cooks	30.0	1.2	22.6
Electronic and electrical technicians	29.0	1.1	46.5
Truck drivers	28.1	1.1	21.7
Tellers	27.0	1.0	42.0
Systems analysts	26.5	1.0	83.4
Nurses aides/orderlies	25.8	1.0	26.1
Bookkeepers, hand	25.6	1.0	28.5
Store managers	23.4	0.9	31.9
Stock clerks	23.0	0.9	25.2
Blue-collar supervisors, nonworking	22.8	0.9	20.0
Computer programmers	22.5	0.9	66.2
Accounting clerks	21.6	0.8	23.1
Auto mechanics	21.4	0.8	31.0
Kitchen helpers	21.2	0.8	24.3
Delivery and route workers	20.6	0.8	23.4
Receptionists	20.4	0.8	39.1
Assemblers-C	19.8	0.8	27.1
Lawyers	18.3	0.7	63.1
Sales representatives, nontechnical	17.4	0.7	26.9
Computer operators	17.3	0.7	81.9
Clerical supervisors	17.2	0.7	30.3
Physicians and/or surgeons	16.5	0.6	41.6
Licensed practical nurses	16.3	0.6	34.6
Maintenance, repairers, general utility	14.9	0.6	25.3
Sales agents representatives and real estate	14.7	0.6	61.3
Dental Hygienists and assistants	14.3	0.6	51.1
Drafters	14.0	0.5	36.0
All other occupations	1,248.0	48.5	n.a.
Total, All Occupations	2,572.0	100.0	26.2

The professional and technical group will represent 12 of the large-growth occupations over the decade. Teachers, both elementary and kindergarten, will show the greatest increase, adding 65,400 more workers. Four medical occupations are also in the group—professional nurses, physicians and surgeons, licensed practical nurses, and dental hygienists and assistants. Their rapid growth will be in response to increasing population, expanded coverage under prepaid health programs and greater emphasis on preventative medicine. Systems analysts and computer programmer occupations will also expand at a rapid rate, reflecting the trend toward automated data processing in most industries. As in the past, lawyers and accountants should continue to add large numbers of employees to their ranks.

In addition to these new job opportunities, almost 3.3 million replacement jobs will become available between 1980 and 1990 due to workers who leave the labor force.

Collective Bargaining

1984 was a comparatively quiet year for collective bargaining. Five major stoppages accounted for 357,000 idle workdays. The longest strike—64 days—involved the Golden Gate Restaurant Association and the Hotel Employees and Restaurant Employees. This stoppage accounted for 108,800 idle workdays. Other major stoppages included Disneyland's strike with the Teamsters, Service Employees, Hotel Employees and Restaurant Employees; General Motors Corporation with the United Auto Workers; Macy's and Emporium Capwell with the Department Store Workers; and General Dynamics with the Machinists.

The situation in 1983 was far different. Major walkouts at American Telephone and Telegraph/Pacific Telephone, McDonnell Douglas, the Pacific Maritime Associations, Oakland Unified School District, Greyhound Bus Lines and the Southern California construction industry resulted in 2,808,400 idle workdays in that year.

Information on wage settlements and union membership is available only through 1983. There were several significant developments in that year, however.

Overall, the first year 1983 wage increase for collective bargaining agreements covering 500 or more California workers was 3.4 percent.

Cost-of-living adjustment clauses covered 42 percent of all workers involved in contract negotiations. "Two-tier" wage systems were applied in newly negotiated contracts covering 6 percent of the current unionized workforce. Profit sharing plans, which provide flexibility in adjusting labor costs to economic downturns, were intensified in certain industries.

Though union membership in California declined nearly 7 percent between 1981 and 1983 to 2,076,700 members, some of the decline is probably attributable to general business conditions and the job losses over this period in manufacturing and construction.

TABLE I-9
UNION MEMBERS IN CALIFORNIA, BY ECONOMIC AREA, 1983
(As of July: in thousands)

Area	*1983*
Total	2,076.7
North Coast	10.9
Sacramento Valley	61.7
Mountain	30.8
San Francisco Bay (9 counties)	586.7
San Francisco—Oakland	436.4
Santa Clara County	105.2
Napa and Solano counties	26.0
Sonoma County	19.1
Central Coast	53.4
San Joaquin Valley	159.6
Santa Barbara and Ventura counties	44.8
Los Angeles County	766.6
Orange County	125.0
San Diego County	112.7
Imperial, Riverside, and San Bernardino counties	104.5

Source: California Department of Industrial Relations

Upcoming Negotiations. During 1985, 192 major contracts, which involve 380,000 California union workers, are expected to expire or reopen for wage negotiations. These 192 collective bargaining agreements—each covering 500 or more California workers—compare with 166 contracts negotiated during 1984. Over 82 percent of the workers whose contracts expire or reopen in 1985 are employed in nonmanufacturing sectors.

TABLE I-10
MAJOR CALIFORNIA WAGE NEGOTIATIONS IN 1985 *

Month	Industry	Number of Workers
January	*All Industries*	*12,710*
	Air transportation	4,810
February	*All Industries*	*13,610*
	Motion pictures	6,500
March	*All Industries*	*25,590*
	Eating and drinking places, hotels and other lodging places	15,700
April	*All Industries*	*48,730*
	Trucking and warehousing	33,200
May	*All Industries*	*12,150*
	Finance, insurance, and real estate	3,000
	Professional, educational and related services	3,820
June	*All Industries*	*90,620*
	Construction—general contractors	64,540
	Trucking and warehousing	3,680
	Wholesale trade	11,300
July	*All Industries*	*59,970*
	Construction—general contractors	19,600
	Construction—special contractors	3,200
	Canning and preserving	21,140
	Wholesale trade	2,810
	Professional, educational and related services	4,010
August	*All Industries*	*32,110*
	Eating and drinking places, hotels and other lodging places	5,200
	Motion pictures	20,740
September	*All Industries*	*21,300*
	Wholesale trade	8,800
October	*All Industries*	*13,750*
	Food and kindred products	3,300
November	*All Industries*	*34,030*
	Communications	8,050
	Retail food and liquor stores	24,290
December	*All Industries*	*15,540*
	Amusement and recreation	3,980

* During the months specified the individual industries listed have at least 3,000 workers involved in bargaining. The all-industries total includes all contracts covering 500 or more workers in each of the months specified.

Major contracts up for negotiations during the year include:

- the contracts of 76,100 employees in the construction general trades, the majority of whom are represented in agreements to be negotiated in June and July;
- contracts involving over 25,000 canning and preserving workers, including the California Processors in Northern California and the Frozen Food Employers Association throughout California;
- hotel and restaurant agreements expiring throughout the year, including contracts between the Hotel Employees and Restaurant Employees and the Hotel Employers Council of Southern California;
- trucking and warehousing contracts, including the Master Freight Agreement negotiated in April;
- wholesale trade agreements, including the Teamsters agreement with the Food Employers Council Warehouse Employers and the Teamsters and the San Francisco Employers Council Master Warehouse Labor Agreement;
- retail food and liquor store agreements between the United Food and Commercial Workers and

the Food Employers Council in Northern and Southern California; and

- contracts in the motion picture industry, including the stage employees contract with the motion picture industry.

Training Programs

Employment and training opportunities in apprenticeship appear to be regaining from the setbacks suffered by the economic downturn of the early 1980s. Apprenticeship program sponsors report that prospects for the immediate future are positive.

Particular attention is being given to California's "High Tech" industries. Firms in this area still have difficulty finding highly skilled workers to meet their current personnel needs. Efforts have been stepped up to develop and promote new programs to help resolve the persistent problem. Apprenticeship programs are kept current with the state-of-the-art.

Programs are also being explored for correctional institutions. There is a need to provide training to inmates that will increase their employment opportunities upon release. Meaningful training inside the institutions directly linked to outside employment should help reduce recidivism.

II. Inflation

Courtesy of Kaley's

Courtesy of The Pacific Stock Exchange Incorporated

The moderate rate of inflation during 1984 was an unexpected development. Usually a strong economic expansion such as occurred last year is accompanied by significant upward pressure on prices. The gross national product deflator, the broadest measure of inflation for the entire nation, increased by 3.8 percent. A lower rise has not been achieved since 1967 when the GNP deflator was up 2.9 percent. Nationally, the consumer price index was up only slightly more, by 4.3 percent. The California index increased by 5.0 percent. An even more restrained picture emerges from

comparison of year-end data for the past two years. The CPI for the nation increased 3.5 percent between December 1983 and December 1984.

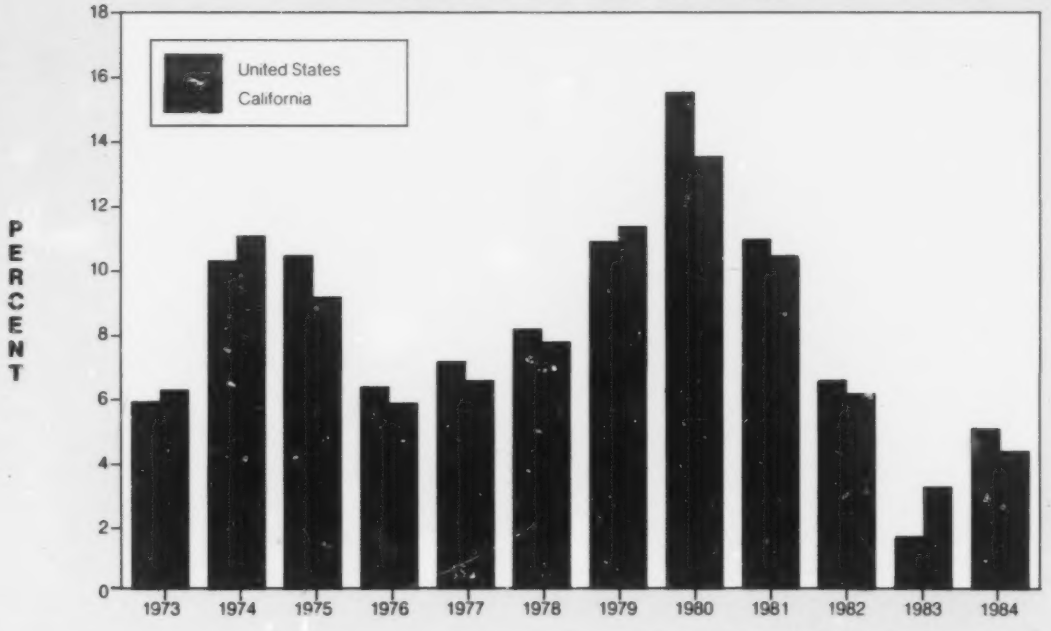
All these measures indicate the current degree of control over inflation which has resulted from the effectiveness of monetary policies over the past several years and the severity of the last recession.

"Progress against inflation has been reflected in various sectors."

Progress against inflation has been reflected in various sectors. Average wage gains, for instance, have been moderate in recent quarters. Government payments which are automatically escalated by the rise in the consumer price index are seeing only minor increases. Perhaps most important, the expectation that inflation would remain a serious aspect for the entire decade has effectively been eliminated. This has been especially significant in areas such as housing—in prior years, rapid price rises led to excessive buying for speculation. This situation contributed to the severe slump in the industry in the early 1980s.

It is not safe to conclude that the problem of inflation has been completely retired. An examination of the individual components of major indices reveals substantially different trends. As a general rule, prices of goods have shown little

FIGURE II-1
CALIFORNIA AND U.S. CONSUMER PRICE INDEX
ALL ITEMS, ANNUAL PERCENT CHANGES



increase over the past year. Services, in contrast, continue to rise at a 5 or 6 percent rate. There is also a large difference between regions. Prices appear to be much more firmly under control in some areas than in others. For instance, the CPI increase in each of the three California areas for which information is available was greater than that for the entire nation.

Trends in California

Growth in the California index exceeded the national rate due in large part to mounting rent and homeowners' costs in the three metropolitan areas surveyed in the State and a 12 percent increase in fuel and utilities prices in San Francisco. The effect of falling crude oil prices on world markets was seen in the declines in gasoline prices in each area. The only other components showing genuine constraint were fuel and utilities in San Diego, which edged up .1 percent, and apparel and upkeep in Los Angeles which gained only 1.1 percent.

Residential rent increases, in contrast, were substantial and were effective in pushing up the overall housing component considerably more than in the nation. During 1984, rental costs in California actually increased more rapidly than the median home price and interest rates, causing the CPI to be higher than it would have been using the old housing price and mortgage interest components which were included in the index prior to 1983.

A major achievement on the downside was the sharp curtailment in medical care costs. These were up between 4.3 percent and 5.4 percent in the three metropolitan areas surveyed in the State, in comparison to the 6.2 percent rise recorded nationally. Continuing efforts to control health care costs could well prevent the resumption of excessive rises for the foreseeable future.

TABLE II-1

ANNUAL PERCENT CHANGE IN THE COMPONENTS OF THE CONSUMER PRICE INDEX, U.S. AND CALIFORNIA SMSA's, 1984

	U.S.	*Los Angeles*	*San Francisco*	*San Diego*
All items	4.3	4.6	5.7	5.9
Food and beverages	3.8	3.0	4.4	4.4
Housing	4.1	5.6	7.0	6.4
Shelter	4.9	6.8	7.5	9.0
Rent, Residential	5.2	7.3	8.4	9.5
Fuel and other utilities	4.6	6.0	10.5	.8
Household furnishings and operation	1.7	1.6	3.4	2.4
Apparel and upkeep	1.9	1.6	6.9	4.2
Transportation	4.5	5.0	4.7	6.8
Private	4.3	5.3	4.8	7.0
Gasoline	−1.7	−.7	−.1	−.5
Public	6.2	−.8	4.0	3.9
Medical Care	6.2	4.5	4.3	5.4
Entertainment	3.7	2.8	4.1	2.3
Other goods and services	6.7	5.6	6.9	8.2

TABLE II-2

MONTH-TO-MONTH PERCENT CHANGES IN THE U.S. AND CALIFORNIA CONSUMER PRICE INDEXES, 1984

	U.S.	*California*	*Los Angeles*	*San Francisco*	*San Diego*
January	0.6	—	0.5	—	1.1
February	0.5	1.1	0.4	1.4	—
March	0.2	—	0.2	—	0.9
April	0.5	1.0	0.7	1.5	—
May	0.3	—	0.9	—	1.1
June	0.3	0.9	0.1	0.7	—
July	0.3	—	0.1	—	−0.5
August	0.4	1.0	0.9	1.5	—
September	0.5	—	0.5	—	1.7
October	0.3	1.2	0.5	1.3	—
November	0.0	—	0.0	—	1.8
December	0.1	−0.1	−0.2	−0.5	—

CPI For Wage Earners

The U.S. consumer price index for urban wage earners and clerical workers (CPI-W) rose 3.5 percent from December 1983 to December 1984, nearly matching the change in the CPI for All Urban Consumers (CPI-U) for the nation. In California, the gain in the CPI-W for the same period was more moderate than the CPI-U, registering an increase of only 2.9 percent. The difference between the California CPI-U and CPI-W was due primarily to a much lower housing cost component in the CPI-W. Housing in the CPI-W for 1984 was still based on housing prices and mortgage rates rather than the rental equivalency used in the CPI-U.

Changes to the CPI

Beginning with January 1985 the CPI-W was changed to mirror the CPI-U and incorporate the rental equivalence measure of homeowner costs.

In January, 1987 the frequency of publication for the San Diego index will change from bimonthly to semiannually. Since the California consumer price index is a population weighted average of the three metropolitan area indices, the methodology for calculation of the statewide index will change when San Diego is no longer published bimonthly.

Alternative Measures of Inflation

The consumer price index is not the only measure of inflation. In many instances, in fact, it may be less indicative of overall trends than implicit price deflators from the national income and product accounts. Deflators measure the difference between current and constant (1972) dollar values within the GNP accounts. Over time they provide an assessment of aggregate price change based upon actual economic transactions. The major series include the overall GNP deflator, the personal consumption expenditures deflator and—for government budget considerations—the state and local government deflator.

The personal consumption expenditures (PCE) deflator is most relevant for individuals. The PCE deflator is based upon current transactions and, therefore, reflects shifts in consumer spending patterns over time. It is only available on a national basis. As such, however, it smoothes out the distortions which can arise in local CPI indices which makes it superior to the consumer price index for some purposes. The PCE deflator increased 3.2 percent in 1984. Table II-3 compares the annual percent change in the CPI with that of the PCE deflator from 1972 to 1984.

TABLE II-3

COMPARISON OF U.S. CONSUMER PRICE INDEX AND PERSONAL CONSUMPTION EXPENDITURES DEFLATOR
(Percentage change)

	U.S. Consumer Price Index	*Personal Consumption Expenditures Deflator*
1972	3.3	3.7
1973	6.2	5.8
1974	11.0	10.0
1975	9.1	7.6
1976	5.8	5.2
1977	6.5	5.8
1978	7.7	7.0
1979	11.3	9.0
1980	13.5	10.2
1981	10.4	8.7
1982	6.1	5.9
1983	3.2	3.7
1984	4.3	3.2

"Inflation is expected to remain in check at least through 1985 and possibly through 1986. . . ."

The Outlook for Inflation

Inflation is expected to remain in check at least through 1985 and possibly through 1986 although some upward pressures may be developing by that time.

There is still considerable slack in the overall economy. Manufacturing capacity is not strained with production at just over 81 percent of capacity. Adequate stocks exist for most commodities. The world oil glut should keep downward pressure on energy prices. The unemployment rate remains above full employment levels. Labor cost increases should continue to be moderate due to productivity gains and lower wage escalation factors. Stiff competition from imports brought on by a strong dollar also serves to hold down prices of domestic producers.

While all this tends to paint a rather "rosy" picture for 1985 as far as inflation is concerned, it is interesting to note that the inflation rate is still above what has historically been considered acceptable. In 1971, wage and price controls were put into effect when inflation—as measured by the U.S. consumer price index—was running just over 5 percent.

The following summarizes inflation forecasts prepared during March by the Department of Finance.

	Percentage change	
	1985	*1986*
Deflators:		
Gross National Product	4.0	3.7
Personal Consumption Expenditures	3.3	3.7
State and Local Government Purchases of Goods and Services	5.7	6.1
Consumer Price Indices, All Urban Consumers:		
United States	3.7	4.1
California	4.5	4.4
Los Angeles-Long Beach	4.2	4.2
San Francisco-Oakland	4.7	4.5
San Diego	5.6	4.7

III. Income

Courtesy of Security Pacific National Bank

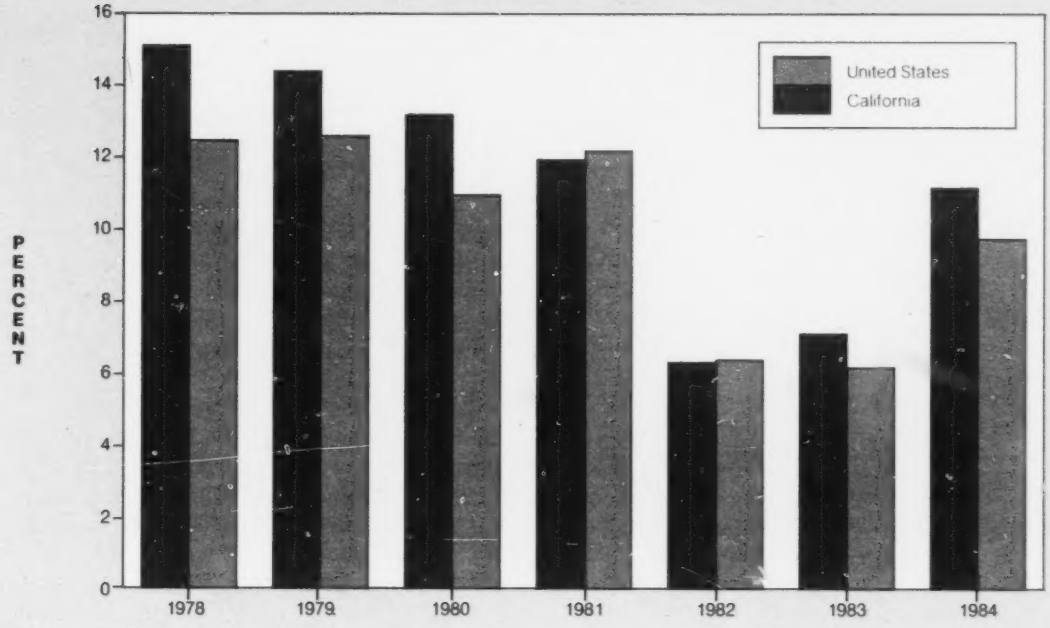
"Income was up by 11.2 percent to $371.1 billion, and accounted for 12.3 percent of personal income nationally."

Last year personal income recorded its largest gain in dollar terms since 1981, reflecting the unusually strong empioyment expansion. Income was up by 11.2 percent to $371.1 billion, and accounted for 12.3 percent of personal income nationally. There were considerable differences between the various components, however.

Wages and Salaries

Wages and salaries, which represent approximately 61 percent of the total, also rose by 11.2 percent. This increase was somewhat less than normally would have been expected in such a strong expansionary year as 1984. Average wage gains were generally moderate.

FIGURE III-1
GROWTH IN INCOME:
CALIFORNIA AND UNITED STATES



Detailed information derived from employer reports indicated an especially weak situation in the last quarter of 1983 and the third quarter of 1984, with average wage decreases in some industries. This does not imply there were actual wage cuts on a broad scale. Other factors can affect the average; for instance, the proportion of part-time to full-time workers in an industry can alter the average wage—a relative increase in the use of part-time workers would tend to lower the average. There is also the possibility that new hires are coming on at the lower end of the wage scale. Early retirement programs, instituted at many firms to reduce overhead costs, can lower average payrolls as retiring workers tend to be at the high end of the salary range of the position.

Unfortunately, there is no hard evidence to support any of these conjectures. The only possible explanation for which there is some evidence relates to wage concessions in industries which have experienced severe financial strains. The decline in average wages has been so widespread, however, that the wage concession theory would not appear to explain the situation.

The final possibility is reporting problems. These would have to be on a large scale to account for the observed weakness, which, therefore, makes it an improbable reason.

Income components in other areas were more predictable. Other labor income, which represents primarily fringe benefits, was up 13.3 percent. This series typically grows at a slightly faster pace than wages and salaries.

Interest Income

Interest income gained 15.7 percent. The increase was greater than would normally be expected given the decline in interest rates during the year. This can be attributed to intermediate term investments during previous years when rates were higher.

Dividends

Dividends were up 11.7 percent for the year. This was the best performance since 1981 and reflected the strong gain in corporate profits during the first two years of recovery.

Transfer Payments

Transfer payments were a contrast to other income components. In prior years they have generally experienced above-average increases. Automatic escalation of benefits was responsible for large gains during those years when inflation was running at a double-digit pace. Just the opposite effect was observed during 1984. With consumer prices running below 5 percent, increases in many payments were minimal. For the year, it is estimated that transfer payments were up only 3.9 percent, the smallest increase in 25 years.

Proprietors' Income

Proprietors' income is more difficult to evaluate. The 39 percent rise in farm proprietors' income is deceptive. It is estimated that the first quarter of 1984 saw a substantial increase due to payments under the PIK (Payment-in-Kind) program. The following quarters reverted to a much more moderate pattern, with income just slightly ahead of the previous year. Other factors have also been cited as contributing to a relatively soft situation. A lower-than-expected harvest in several major crops (e.g., tomatoes), reduced plantings in others (e.g., rice), and high expenses (e.g., interest) have placed a continuing squeeze on the California farm industry. An over-supply of some primary commodities has also hurt producers by leading to price cuts. Farm proprietors' income is an extremely volatile series, however. Data from the U.S. Department of Commerce next August could well indicate a substantially different level for 1984, and major revisions for earlier years.

Nonfarm proprietors, in contrast, fared much better. Income for this group was up 22 percent. Nonfarm proprietors generally do well during a strong expansion when small business creation is on an uptrend. Strong employment gains in retail trade, services and construction, for instance, are generally indicative of an expansionary environment for proprietors. Declining interest rates were undoubtedly important in this sector, also, since small business does not generally have the financial base to withstand sharp fluctuations in financial and economic conditions.

Per Capita Income

On a per capita basis, income registered a 10.1 percent gain, rising to $14,482. At this level, California remains the fourth or fifth highest among the states, exceeded only by Alaska, Connecticut, New Jersey and possibly Massachusetts. This comparison is based on a preliminary update of information last published by the Department of Commerce for 1983. New information on all the states will be published at the end of this April, with more detailed information available towards the end of August.

TABLE III-1
CALIFORNIA PERSONAL INCOME, 1983 AND 1984

	1983		*1984*	
	Billions	*Percent change*	*Billions*	*Percent change*
Total	$333.7	7.1	$371.1	11.2
Wages and salaries	205.0	7.1	227.8	11.2
Other labor income	20.5	12.3	23.3	13.3
Proprietors' income	13.0	15.9	16.2	24.5
Farm	1.8	−10.2	2.5	39.2
Nonfarm	11.2	21.7	13.6	22.1
Interest	46.5	3.2	53.8	15.7
Dividends	7.8	5.7	8.8	11.7
Rent	9.9	6.6	10.5	5.4
Transfer payments	46.1	7.6	47.9	3.9
Less: Contributions for social insurance	15.2	9.7	17.2	12.8
Residence adjustment	.1	—	.1	—

Note: Detail may not add to totals due to rounding; percentage changes are based on unrounded data.
Source: U.S. Department of Commerce (1983 data); California Department of Finance (1984 data)

"On a per capita basis, income registered a 10.1 percent gain. . . . California remains the fourth or fifth highest among the states. . . ."

Real Income

Real income eliminates the inflation element and, therefore, represents actual purchasing power. The level of real income derived will vary depending on the index used to deflate the series. The Department of Finance uses the personal consumption expenditures (PCE) deflator for all calculations of real income. The PCE deflator, as it is referred to, is a national series which is part of the national income and product accounts. It reflects prices of actual consumption which occurred rather than a "fixed market basket" which is measured by the consumer price index. In this respect, it is representative of current spending patterns, and, therefore, an appropriate series to use in deflating income.

In real terms, then, personal income was up by 7.8 percent during 1984. On a per capita basis, the real income gain was 5.9 percent. Both these increases were exceptionally high and in sharp contrast to the moderate gains of the 1970s, when inflation was extremely high.

County Income Comparisons

There are few good measures of relatively economic conditions for individual counties. Per capita income is available annually, however, from the U.S. Department of Commerce. Data are available through 1982. Relative rankings do not often change significantly from year-to-year. The latest series can, therefore, provide a measure for evaluation of the level of development from one area to another.

Per capita income varies widely among the counties of California. As a general rule, the highly urbanized counties have per capita income levels which are 50 to 100 percent greater than more rural counties. Heading the list is Marin County with average income in 1982 of $19,028. This was followed by San Mateo County ($17,591), San Francisco County ($16,126) and Santa Clara County ($14,998). At the other extreme were the resource counties of Trinity, Alpine and Calaveras. In conjunction with this, it should be noted that living expenses and average income levels are interrelated. Costs are higher in the urban areas with high income, and lower in the lesser-developed rural regions. Per capita income by itself, therefore, is not an indicator of living standards or purchasing power.

Income data by county through 1983 will be available mid-May from the California Department of Finance.

The Outlook For Personal Income

Forecasts of personal income have changed significantly over the past year as additional data have been received. At the time the Governor's Budget was being prepared, for instance, actual data on wages and salaries were available only through the second quarter of 1984. It was estimated at that time that a reasonably strong growth pattern would occur during the last half of the year. Subsequently, revised data on the second quarter and preliminary data on the third quarter were received. Both of these indicated a continuing softness in average wages, as noted earlier. This led to a reduction in the full year estimate for 1984, and a lower forecast for 1985. The forecast summarized in this report was prepared during April of this year.

It is expected that personal income will be up 7.7 percent in 1985, a gain moderately higher than the 6.9 percent anticipated for the nation. Wages and salaries are expected to be up by 8.2 percent, reflecting a 3.5 percent gain in nonagricultural wage salary employment and a 4.8 percent rise in average wages. Growth in most other components will slow from the 1984 experience, reflecting a slower pace of economic expansion.

The outlook for 1986 is still highly tentative given uncertainties on trends in interest rates, consumer attitudes, investment plans and the likely span of the current business cycle. As of this April, the current business expansion had been underway for 29 months. The average peacetime expansion since World War II has lasted 34 months. While there are no indications that another downturn is imminent, the possibility cannot be completely ignored.

TABLE III-2
PER CAPITA PERSONAL INCOME BY COUNTY, 1982

Marin	$19,028
San Mateo	17,591
San Francisco	16,128
Santa Clara	14,998
Contra Costa	14,445
Orange	13,927
Colusa	13,356
Alameda	13,210
Los Angeles	13,080
Santa Barbara	13,036
Monterey	13,014
CALIFORNIA	12,616
Napa	12,586
Santa Cruz	11,646
San Diego	11,638
Ventura	11,537
Sacramento	11,421
Sonoma	11,337
Yolo	11,150
San Joaquin	10,969
Placer	10,793
Solano	10,758
Glenn	10,736
Fresno	10,731
Inyo	10,716
Riverside	10,606
Stanislaus	10,586
Sutter	10,553
Kern	10,342
Amador	$10,149
Merced	10,146
San Luis Obispo	9,980
Mono	9,857
Mariposa	9,754
Mendocino	9,736
San Bernardino	9,711
Humboldt	9,703
Modoc	9,701
San Benito	9,624
Butte	9,594
El Dorado	9,562
Lake	9,461
Imperial	9,433
Shasta	9,410
Tulare	9,216
Sierra	9,185
Siskiyou	9,146
Madera	9,139
Kings	9,049
Yuba	9,029
Del Norte	8,955
Tuolumne	8,801
Tehama	8,763
Plumas	8,743
Nevada	8,739
Lassen	8,682
Calaveras	8,543
Alpine	8,147
Trinity	7,340

Source: U.S. Department of Commerce

TABLE III-3
CALIFORNIA PERSONAL INCOME, 1985 AND 1986

	1985		*1986*	
	Billions	*Percent change*	*Billions*	*Percent change*
Total	$399.7	7.7	$428.3	7.2
Wages and salaries	246.6	8.2	264.2	7.1
Other labor income	25.6	10.0	27.9	8.8
Proprietors' income	18.1	11.8	20.0	10.4
Farm	2.5	−1.3	2.6	3.8
Nonfarm	15.6	14.2	17.4	11.5
Interest	57.1	6.1	61.3	7.5
Dividends	9.5	8.1	10.2	8.0
Rent	11.1	6.4	11.9	5.6
Transfer payments	51.1	6.8	54.3	6.3
Less: Contributions for social insurance	19.5	13.0	21.4	10.1
Residence adjustment	0.1	—	0.1	—

Source: California Department of Finance

Assuming continued moderate growth through 1986, income should rise by 7.2 percent during that year to reach $428.3 billion.

Personal Wealth

Information on wealth and wealthholders in the State is available on a periodic basis from the Internal Revenue Service. Estimates for 1982 were released in March.

Highlights from the report include the fact that:

- California has more millionaires—64,500—than any other state. Second and third places went to Florida, at 40,600, and Texas, at 39,500.
- Assets held by this group amounted to $167 billion in California.
- Of the top wealthholders—those with assets of $300,000 or more—55 percent were women.
- Real estate accounted for the largest part of net worth—more than 47 percent. Stocks were in second place with 24 percent.

California has one millionaire for every 383 residents. Similar calculations for the other states suggest that six other states have a higher proportion of millionaires in the population. North Dakota leads the list, at one for every 177 residents. The next five states are Minnesota, 1/235; Florida, 1/258; Connecticut, 1/333; Utah, 1/365; and Arizona, 1/370.

Even so, the sheer volume of assets held by individuals in the top wealthholding brackets is an indication of the prosperity of the State and the environment for personal achievement.

TABLE III-4
SELECTED DATA ON PERSONAL WEALTH, 1982

	Number	*Millions*
Number of millionaires	64,500	
Total assets		$166,686
Number of top wealthholders	617,000	
Total assets		467,248
Debts and mortgages		83,898
Net worth		383,351
Men	280,600	
Net worth		166,265
Women	336,500	
Net worth		217,085
Wealthholders with assets over $500,000		
Total	301,500	
Assets		358,865
Debts and mortgages		65,618
Net worth		293,248
Men	130,800	
Net worth		128,451
Women	170,700	
Net worth		164,797
Assets composition:		
Real estate		138,478
Corporate stock		69,065
Noncorporate business assets		24,771
Cash		23,131
Bonds		11,617

Source: Internal Revenue Service, Statistics of Income Bulletin, Winter 1984–85.

IV. Trade

Photos courtesy of Raley's

"The high level of consumer confidence and the low ratio of consumer debt to personal income at the start of the year provided a strong thrust to sales."

Retail sales in California remained strong for the second consecutive year. Sales of durable and nondurable goods totalled $155.6 billion, an increase of 9.2 percent from 1983's $142.5 billion. The gain in real terms was almost as great since inflation in much of the retail sector has been unusually restrained.

Sales growth was uneven throughout the year. The first half of 1984 was exceptionally strong and mirrored national trends. The last six months were considerably softer.

The prosperity appears to have been shared by most of the State with all areas showing healthy sales growth.

Total Retail Sales

Information on retail sales is compiled by the U.S. Department of Commerce and is based upon a monthly sample of retail establishments. No detail on sales by type of business is available for states; however, summaries are provided for durable goods, nondurable goods, department stores and general merchandise (GAF). The GAF category includes stores dealing in general merchandise, apparel, furniture and furnishings, and miscellaneous items, and represents establishments which specialize in department store types of merchandise. Sales of nondurable goods in California comprise 65 to 70 percent of total retail sales, roughly the same share as for the nation. (Department store and GAF business reflect both durable and nondurable items, and these categories are included in the two subtotals.)

The high level of consumer confidence and the low ratio of consumer debt to personal income at the start of the year provided a strong thrust to sales. Durable goods, continuing the upward trend which began in 1983, increased by 14.2 percent. Nondurable goods, in contrast, were up a more modest 6.4 percent. Sales by type of retail outlet showed department store sales with a 9.2 percent increase while GAF stores reported sales growth of 9.5 percent.

By the end of the year a somewhat different sales climate prevailed. Consumer confidence showed signs of weakening moderately. Income gains became smaller. Perhaps most important, consumer debt levels had increased dramatically.

Consumer Credit. Data on consumer credit are not available on a state basis. Nevertheless, it seems reasonable to assume that national data are representative of the situation in California. At the start of 1984, consumer installment debt in relation to income amounted to 13.1 percent of personal income. By December, this ratio had increased to 14.5 percent.

An alternative measure is based on consumer debt other than revolving credit, or credit card sales. (Many credit card accounts are used primarily for convenience and are paid off in full each month.) The ratio of credit excluding credit card balances to disposable personal income stood at 12.2 percent in December 1983. By December 1984, the ratio was up to 13.5 percent.

The gain in both these ratios has been exceptionally fast. While neither of these measures should be viewed with alarm, they do suggest that sales gains from this point on will be much slower than over the past year, particularly for "big ticket" items.

Taxable Retail Sales

More detailed information on trade in California is available from the State Board of Equalization. The Board publishes quarterly data on the number of trade outlets and taxable sales by major category for the State, counties and cities.

The taxable sales data differ from the Commerce data in two major respects. First, state-generated data are collected only on transactions subject to the sales and use tax. Food consumed at home, gas, electricity and water are the largest excluded categories. Second, the Commerce Department samples only retail trade businesses while the Board of Equalization covers all taxable transactions whether by retail, service or nonretail sales outlets.

Total taxable sales amounted to $194 billion last year, a gain of 14.5 percent from 1983. The retail component—about 65 percent of the total—was up 9.2 percent to $124 billion. These increases represent largely real gains. Inflation was at a low rate for most retailing sectors. Real taxable retail sales, in fact, were up 8.3 percent, the largest gain since the high of 11.3 percent set back in 1977.

Sales patterns reflected the uneven pace of economic growth during 1984. Taxable retail sales for the first and second quarters of 1984 were up 16.8 percent and 14.1 percent, respectively. The third quarter eased to a more moderate rate of growth—9.0 percent—and the fourth quarter posted a gain of 8.6 percent.

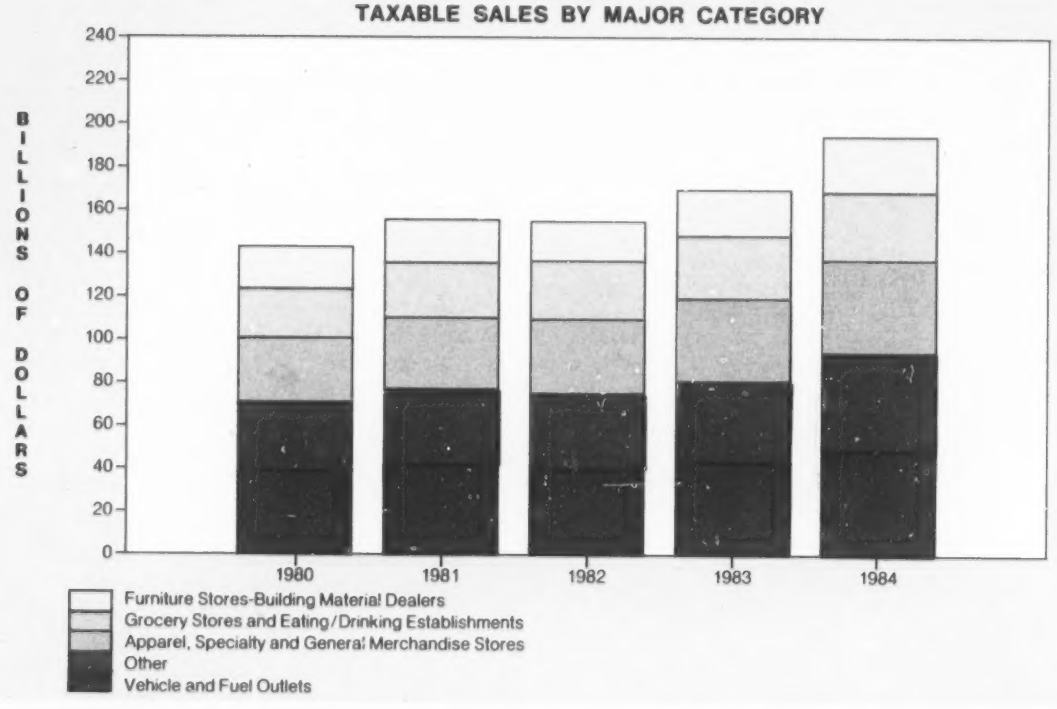
TABLE IV-1
CALIFORNIA RETAIL SALES, 1983 AND 1984

	1983 Billion	1984 Billion	1984 Change from 1983 Billion	1984 Change from 1983 Percent
California	$142.5	$155.6	$13.1	9.2
By Type of Business:				
Durable goods stores	49.4	56.4	7.0	14.2
Nondurable goods stores	93.1	99.1	6.0	6.4
Department stores	15.2	16.6	1.4	9.2
GAF *	36.9	40.4	3.5	9.5
By SMSA:				
Anaheim-Santa Ana-Garden Grove	14.9	15.9	1.0	6.7
Los Angeles-Long Beach	42.1	45.9	3.8	9.0
San Diego	10.4	11.6	1.2	11.5
San Francisco-Oakland	23.0	24.6	1.6	7.0
Rest of State	52.1	57.6	5.5	10.6

*GAF represents stores which specialize in department store types of merchandise.

Note: All data are independently rounded. Percent changes are based on unrounded data.
Source: U.S. Department of Commerce, Bureau of the Census.

FIGURE IV-1
TAXABLE SALES BY MAJOR CATEGORY



"Total taxable sales amounted to $194 billion last year, a gain of 14.5 percent from 1983."

TABLE IV-2
TAXABLE SALES BY MAJOR CATEGORY, 1983 AND 1984

	1983	1984	
	Billions	Billions	Percent Change
Total Taxable Sales	$169.4	$194.0	14.5
Apparel	5.6	6.1	8.9
General merchandise	18.2	20.3	11.5
Specialty	12.8	14.6	14.1
Food and liquor stores	13.0	11.8	9.2
Eating and drinking	14.5	16.0	10.3
Household furnishings	5.3	6.0	13.2
Building material group	6.9	8.2	18.8
Automotive group	34.6	39.0	12.7
All other retail stores	2.4	2.7	12.5
Retail stores	113.3	126.7	11.8
Business and personal services	6.9	8.0	15.9
All other outlets	49.2	59.3	20.5

Retail sales varied substantially by type of store last year. The largest gains were reported in those sectors hardest hit by the recession. Sales of durables, for instance, outpaced the growth of nondurables by a wide margin: 16.6 percent to 8.3 percent. The two sectors showing the most strength were building materials and autos. Both saw a pronounced snapback from the reduced pace of activity during the last recession.

Taxable sales by building materials stores and construction contractors totalled $14.8 billion during 1984, an increase of 22.0 percent from the prior year's sales. This gain is especially impressive given the fact that it was in addition to the 18.1 percent growth which occurred during 1983. Each category of business in this group—lumber and building material dealers, hardware, plumbing and electrical supply, and paint, glass, and wallpaper stores—contributed to the strong expansion and reflected the housing demand that had built up during the recession.

Other types of businesses closely associated with the construction industry also registered strong gains. Household and home furnishing stores, including wholesalers of textile products, posted a rise of 15.3 percent during 1984 and household appliance stores registered growth of 13.2 percent.

Auto and truck registrations—a proxy for sales in the State—set a new high last year, amounting to 1,495,000 units. This represented a gain of 16.9 percent from the 1983 level. The previous record had been set in 1978 when 1,473,900 new autos and trucks were registered. Even with moderate price increases, sales reached $19.3 billion for a gain of 20.9 percent from the 1983 level.

The only area with a somewhat lackluster performance was service stations. Gasoline consumption was up 4.1 percent for the year, reflecting both economic recovery and the significant softening in prices. The combination of these factors held growth in service station sales to only 3.8 percent.

Inventory Trends. One problem facing the industry last year was an excessive level of inventories. At the end of 1983, stocks were unusually low, worked down by strong consumer buying and earlier caution in ordering.

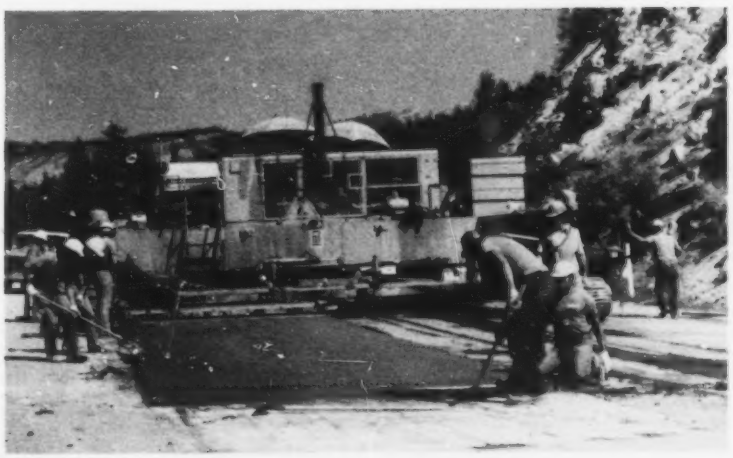
The reverse situation occurred in 1984, with much heavier ordering and softening in consumer spending during the second half of the year. As a result, trade inventories rose substantially. Information available late in 1984 suggested a major overhang which was largely responsible for the early and extended sales in November and December. Price reductions were widespread. As a result, retailers' usual margins were reduced significantly.

These promotions did bring stocks better into line with sales, although imbalances may still pose a problem for many retailers in the State. Heavy price reductions certainly benefitted the consumer. Prices began to firm early in 1985, however, and are expected to resume a more normal pattern from this point on. Even so, it should be noted that price competition will continue throughout the industry, effectively curtailing potential inflationary pressures.

Outlook

Trends in interest rates will impact the sales outlook. If interest rates on major purchases rise only moderately, as currently expected, steady growth should be achieved for most types of sales. The Department of Finance is estimating taxable sales at $211 billion for 1985, a gain of 8.4 percent from the 1984 level.

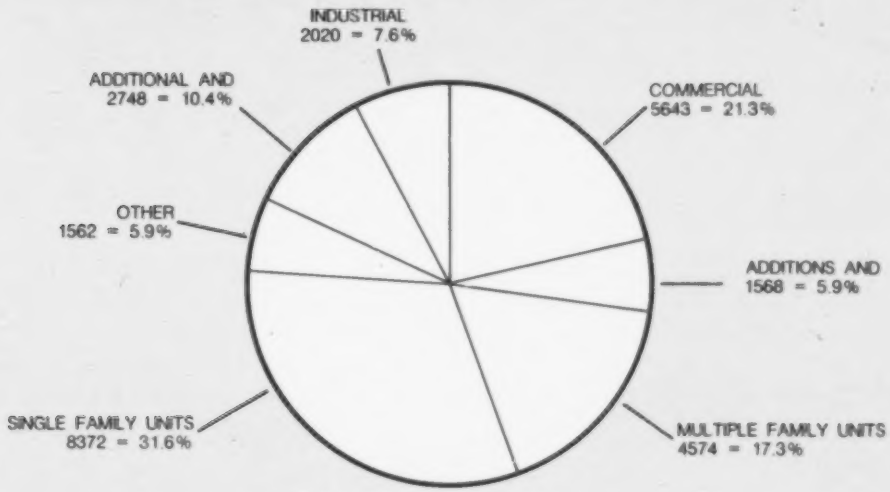
V. Construction



"Housing unit authorizations increased nearly 30 percent."

FIGURE V-1

CALIFORNIA BUILDING VALUATIONS AUTHORIZED BY PERMIT: 1984
(MILLIONS OF DOLLARS, PERCENT OF TOTAL CONSTRUCTION)



The strength of the economic expansion in 1984 was reflected more in construction than in any other sector. Declining interest rates for both business and individual borrowers, the low rate of inflation, improved balance sheets and widespread confidence in the future of the economy led to substantially higher levels of activity. Housing unit authorizations increased nearly 30 percent. Nonresidential valuation rose more than 20 percent. As a result, construction employment was up nearly 19 percent, with the addition of 70,800 jobs.

Residential Activity

Home building activity experienced a strong gain, continuing the uptrend that got underway late 1982. The number of housing units authorized amounted to 218,007, the highest level since 1978. The first half of the year saw authorizations at a better-than-230,000 rate. This eased somewhat to 203,000 during the second half as mortgage rates temporarily edged higher.

"Home building activity experienced a strong gain, continuing the uptrend that got underway late 1982."

The Impact of Multiple Units. Perhaps the most significant development was the rise in multiple unit authorizations, which gained 60 percent from

TABLE V-1
NEW RESIDENTIAL CONSTRUCTION IN CALIFORNIA
1982 TO 1984

	1982	1983	1984
Number of Permits Authorized			
Total Units	84,018	168,358	218,007
Single dwelling units	49,700	99,299	107,346
Multiple dwelling units	34,318	69,059	110,661
Value of Permits Authorized (in millions)			
Total Units	$6,154.3	$11,511.1	$14,514.3
Single dwelling units	3,435.0	7,160.4	8,372.3
Multiple dwelling units	1,480.1	2,858.1	4,574.1
Alterations and additions	1,239.2	1,492.6	1,567.9

Source: Security Pacific National Bank

TABLE V-2
VACANCY RATES IN SELECTED AREAS
(percent)

	Total	Single	Multiple
Anaheim-Santa Ana PMSA	2.0	1.5	2.7
Bakersfield MSA	1.9	1.5	3.2
Chico MSA	2.7	2.6	2.8
Fresno MSA	3.1	1.9	6.2
Los Angeles-Long Beach PMSA	1.5	1.2	1.8
Marin County	1.1	1.1	1.3
Modesto MSA	2.3	2.1	3.0
Oxnard-Ventura PMSA	1.6	1.4	2.3
Redding MSA	3.8	2.9	7.2
Riverside-San Bernardino PMSA	3.7	3.2	5.6
Sacramento MSA	2.0	1.9	2.4
Salinas-Seaside-Monterey MSA	1.2	1.0	1.7
San Diego	1.9	1.5	2.5
San Francisco County	0.6	2.0	0.5
San Jose PMSA	1.2	1.1	1.4
San Luis Obispo County	1.9	1.7	2.8
San Mateo County	1.0	0.7	1.6
Santa Barbara-Santa Maria-Lompoc MSA	1.2	1.2	1.3
Santa Cruz PMSA	1.7	1.4	3.1
Santa Rose-Petaluma PMSA	2.0	1.5	4.4
Stockton MSA	2.3	1.7	3.9
Vallejo-Fairfield-Napa PMSA	2.1	1.7	3.5
Yuba City MSA	2.6	1.8	4.9

MSA: Metropolitan Statistical Area.
PMSA: Primary Metropolitan Statistical Area.
Source: Federal Home Loan Bank of San Francisco.

TABLE V-3
NEW RESIDENTIAL CONSTRUCTION IN THE 10 HIGHEST VOLUME COUNTIES

Counties	Total new units in 1984	Percent change from 1983
Los Angeles	36,942	35.0
San Diego	30,617	47.5
Riverside	20,330	60.5
San Bernardino	19,176	60.7
Orange	16,425	27.4
Sacramento	11,509	37.1
Alameda	7,601	33.7
Santa Clara	7,260	−.6
Fresno	6,858	17.4
Contra Costa	6,417	−2.1

Source: Security Pacific National Bank

TABLE V-4
MONTHLY SUBDIVISION APPLICATION FILINGS
1983 AND 1984

	1983	1984	Percent change
January	156	179	15
February	116	300	159
March	184	319	73
April	188	280	49
May	205	282	38
June	203	304	50
July	169	257	52
August	281	300	7
September	203	202	−1
October	206	245	19
November	197	222	13
December	185	192	4
Total	2,293	3,082	34

Source: California Department of Real Estate

the 1983 level. This performance was in sharp contrast to the 8 percent rise recorded for single family homes. Even more noteworthy is the fact that multiples exeeded single units last year for the first time since 1973.

The reasons for this are not easily identified. Tax considerations may have been a primary factor. The possibility of sheltering income by investment in apartments has been effectively promoted in many areas of the State. Such investments have been made even more attractive by low vacancy rates in most metropolitan areas. Relatively stable prices, lower interest rates and rising incomes, which will permit increases in rents, have improved potential yields. It is also possible that anticipation of possible Federal law changes which would reduce future tax advantages in real estate investment partnerships accelerated activity to some extent.

Regardless of the reason, the gain in apartment building should start to ease the housing shortages which exist in many areas.

Table V-3 shows the 10 counties that represented the "lion's" share of residential construction. The exceptional gains in Riverside and San Bernardino counties undoubtedly reflect the continuing trend toward development of outlying counties and the high prices and limited availability of housing in many parts of Los Angeles and Orange counties.

Existing Home Sales. Homebuilding, particularly for single family units, tends to move with changes in sales of existing homes. Data from the California Association of Realtors indicate a generally sustained rise in the existing homes sales rate through mid-1984. The peak month was May, with a 466,764 annual rate. Towards the end of the year, in contrast, sales were running at approximately a 350,000 rate and were below the year-earlier level.

An additional measure of residential construction strength is the number of applications for subdivisions. Land development must preceed home construction; subdivision application filings therefore serve as a leading indicator for homebuilding. Subdivision filings in 1984 exceeded 1983 during every month except September and were up 34 percent for the year as a whole.

Home Prices

In the past, a strong increase in residential activity has been accompanied by a broadly-based acceleration in housing prices. The latest expansion has been somewhat different. The pace of new home construction has more than tripled since the recession low. Although the average permit valuation of single family units has increased by nearly 13 percent between 1982 and 1984—from $69,115 to $77,994—the statewide median sale price for existing single family homes was slightly lower in December 1984 than in December 1983: $110,305 as opposed to $110,455. Furthermore, multiple or apartment units have actually seen a decline over the two years. In 1982, the average multiple unit had a permit valuation of $43,128. In 1984, this was down to $41,334.

Average permit values are only a guide to price trends. In the first place, they do not include land costs, a profit factor or overhead costs which raise market value substantially. Furthermore, changes in the type of housing built can alter the apparent cost trend. The latter may be a reason for the decline in average apartment valuation over the past two years.

The stability of existing home prices is significant, however. While no definitive reasons can be given for the trend, there are a number of possible explanations, all of which are probably contributing factors to a greater or lesser degree. In the first place, the low rate of inflation generally has removed the "inflation psychology" aspect which was, at least in part, responsible for driving up prices in the past. There is no longer an assured increase in value over a relatively short time frame. This fact has eliminated the benefits which used to be derived from speculative investments.

A second consideration is cost control in the construction industry. Lumber and other material prices have not increased in the aggregate. The Engineering News-Record building cost index, for example, was virtually unchanged over the past 12 months. Labor costs have also been relatively stable, due in part to moderate union agreements and the increase in independent contractors and employees in the industry. This is a typical occurrence during a strong expansion in the construction industry.

The home price stability situation, if continued for several years, would benefit California greatly. Average prices in the State exceed the national

"The home price stability situation, if continued for several years, would benefit California greatly."

average substantially. At the end of 1984, the U.S. average home price amounted to $72,100, or some $38,000 less than in California. Home prices have frequently been cited as a problem in recruiting workers for California firms. Furthermore, high housing costs can drive up wages since individuals are generally compensated on a scale proportional to living costs in an area. This can place California companies at a competitive disadvantage unless the higher labor cost can be offset by higher productivity.

Regional Differences. These concerns relate primarily to the densely developed urban areas of the State. Averages certainly do not indicate the wide variation in housing prices from one area to the next. At $133,999, the Santa Barbara metropolitan area had the highest average in the State last year. At the other extreme among reported areas were the more rural areas of Northern California, with an average $58,570. The latter, it will be noted, was well below the national average.

In general, highly urbanized areas report the highest home prices, due in large part to land costs and demand. The smaller and less-intensely

FIGURE V-2
MEDIAN SALES PRICE EXISTING SINGLE FAMILY HOMES: CALIFORNIA AND U.S.

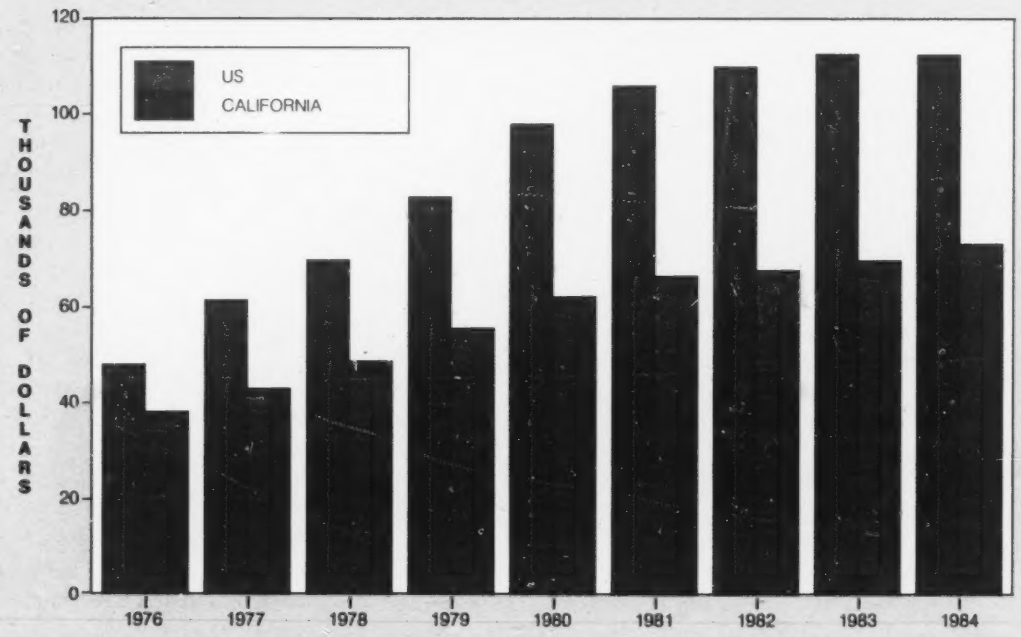


TABLE V-5
REGIONAL PRICE TRENDS
DECEMBER 1983 AND 1984

Region	Median Existing Home Sales Price		
	December 1983	December 1984	Percent change
California	$110,455	$110,305	−0.1
Los Angeles Area	111,170	112,962	1.6
San Francisco Bay Area	129,776	131,153	1.1
San Diego	97,499	101,643	4.3
Orange County	133,695	129,647	−3.0
Central Valley	72,499	71,473	−1.4
Sacramento	74,999	74,220	−1.0
Monterey	110,454	116,570	5.5
Northern Wine Country	95,440	n.a.	—
Northrn California	59,641	58,570	−1.8
Riverside/San Bernardino	82,499	84,300	2.2
Ventura Area	133,541	118,764	—[1]
Santa Barbara	137,036	133,999	−2.2

[1] Comparison not possible because of a change in the reporting of the data.

Source: California Association of Realtors

developed metropolitan areas, in contrast, offer housing at far more affordable prices. The rural areas are even lower. This price advantage, in what might be termed the outlying counties, has been one factor responsible for their above-average growth over the past decade. So far, however, business has not taken full advantage of the situation. Traditional urban locations are still the most sought after for a variety of reasons, even though cost considerations alone might lead to expansion in an outlying county.

Over time, the wide price differential will narrow as growth in the smaller counties accelerates. This will be a long time in coming about, however. In the short run, moderate price increases throughout the State are the most likely development.

TABLE V-6
DISTRIBUTION OF EXISTING HOME SALES
DECEMBER 1984

Price Bracket	Percent of Total
Below $50,000	2.9
$50,000–$59,999	3.5
$60,000–$69,999	5.9
$70,000–$79,999	7.7
$80,000–$89,999	9.4
$90,000–$99,999	11.9
$100,000–$119,999	16.8
$120,000–$139,999	11.4
$140,000–$159,999	7.8
$160,000–$179,999	5.7
$180,000–$199,999	3.7
$200,000–$249,999	5.8
$250,000 and over	7.5
Total	100.0

Source: California Association of Realtors

Rental Housing

As the cost of homeownership increases, rental housing with its greater density and resultant lower costs becomes an increasingly more important sector of the housing market. For a number of years prior to 1984, high land and financing costs caused development of rental properties to be limited to less than 30 percent of all new units.

1984 saw construction of rental housing start to turn around. Mortgage rates began to ease and lower inflation caused real rents (rents adjusted for inflation) to rise. These two factors, coupled with the Accelerated Cost Recovery System that allows a 15-year depreciation period, once again made rental properties attractive to investors. This trend bodes well for long-term housing costs. An increasing stock of rental housing will serve to moderate rent increases much more effectively than the rent controls that are now in place or being considered in some California communities.

Manufactured Housing

Production of manufactured housing (mobile homes) is on the upswing, although it remains well below the peak years of the early 1970's. Improved physical appearance and lower costs than conventional housing make mobile homes an attractive alternative to renting. Population demographics also contribute to its increasing popularity. No data are available for California specifically. Information on the western states is published, however, and is probably representative

for California. This shows that only 26 percent of mobile homes were occupied by owners under 45 years of age, while 42 percent of all owners were 65 years old and over. With more and more of the population approaching retirement age, manufactured housing should experience a corresponding growth in popularity. The rural migration that is currently underway should also serve to intensify the trend towards manufactured housing. Mobile homes constitute 14.4 percent of the housing stock in the rural areas of the State as opposed to only 1.7 percent in the central cities.

Many mobile home owners are still subject to rent increases despite ownership of the actual housing unit itself. In the western states during 1981, only 31 percent of these owners also owned the site on which their home was located. Recently there has been considerable publicity on the plight of tenants of mobile home parks who are subjected to spiraling rents. These increases have led some tenant organizations to purchase the mobile home parks in which they reside and to divide the individual spaces into a type of common interest subdivision. Legislation enacted in 1984 addressed this issue. Among the measures were:

- *AB 2728 (Frazee)*—Chapter 286, Statutes of 1984—Exempts from local map fees the conversion of a mobile home park to condominium or stock cooperative ownership interests.
- *SB 1835 (Craven)*—Chapter 580, Statutes of 1984—Requires the Department of Housing and Community Development to conduct a statistical survey of mobile home parks in California to gather information such as resident demographics and whether or not the spaces in the park are rented or resident owned. The report is due to the Legislature by June 30, 1985.
- *SB 2240 (Seymour)*—Chapter 1692, Statutes of 1984—Provided $3 million in loan and purchase funds from the Mobile home-Manufactured Housing Revolving Fund to nonprofit corporations, stock cooperatives or other entities organized by tenants of mobile home parks for the purpose of making earnest money deposits in connection with the purchase of the mobile home park. This money is then returned to the Fund when actual financing for the purchase is arranged.

Several applications for subdivisions public reports, required for the conversion of tenant owned parks to a common interest subdivision, are now pending with the State and several public reports have already been issued.

The Outlook for Housing

The housing outlook has improved significantly over the last several months, as earlier concerns that the expansion was nearing a premature end have been laid to rest. The housing market in California is expected to soften only slightly during 1985 as the economic recovery matures and some of the pent-up demand is dissipated. The California Association of Realtors estimates that existing home sales will decrease slightly in 1985 to 355,000 units, a decline of approximately 7 percent from 1984's 382,000 units. The second half of 1985 is expected to be less robust than the first as interest rates begin to trend upwards.

As of April, the Department of Finance forecast 205,000 new residential authorizations for the year. The decline from the 1984 level is not particularly significant.

Interest rates are expected to move within a narrow band during the year without the sharp increase which would effectively curtail much homebuilding. Mortgage rates are likely to edge upwards as the year progresses, creating a moderate deterrent to sales. Conventional fixed rate mortgages should exceed 13.5 percent while adjustable rate mortgages (ARMs) should approach 12 percent. Another factor to be considered is the reduced use of ARMs due to a tightening of the underwriting criteria for these types of loans. In December 1984, ARMs represented 50 percent of all loans in California, their lowest share in 14 months. This downward trend is expected to continue.

The outlook for 1986 is far from certain. If a moderate rate of economic growth can be sustained during that year, housing authorizations could amount to 195,000. A renewed surge in activity, possibly accompanied by higher inflation rates, could push this figure well over 200,000. On the other side, a growth recession or actual downturn—which cannot be ruled out at this stage of the business cycle—would push housing down to perhaps the 150,000 level. Housing is highly sensitive to unanticipated changes in policy and expectations, however. Forecasts are increasingly subject to change as they extend further into the future. As a result, the 1986 figure should be used with caution.

The Department of Housing and Community Development predicts that manufactured and factory built housing production will rise about 7 percent in 1985, bringing the total for this component to 15,000 units.

Financial Considerations

Historically, savings institutions have been the major providers of funds for the housing industry. The financial situation of the savings and loan associations, in particular, in the State is closely correlated with trends in the homebuilding industry. The abrupt turnaround in savings flows for the S&Ls early in 1983 was a major factor in the revival of the housing industry that year.

Savings inflows in 1984 were almost equal to the 1983 level, amounting to $28.5 billion. The first half of the year was significantly stronger than the first half of 1983. A more erratic pattern of savings developed during the second half, with a net outflow recorded for two months. This situation was attributable entirely to severe problems in one institution, however, and not indicative of industry-wide softness. During the final quarter, flows were again above the comparable 1983 period.

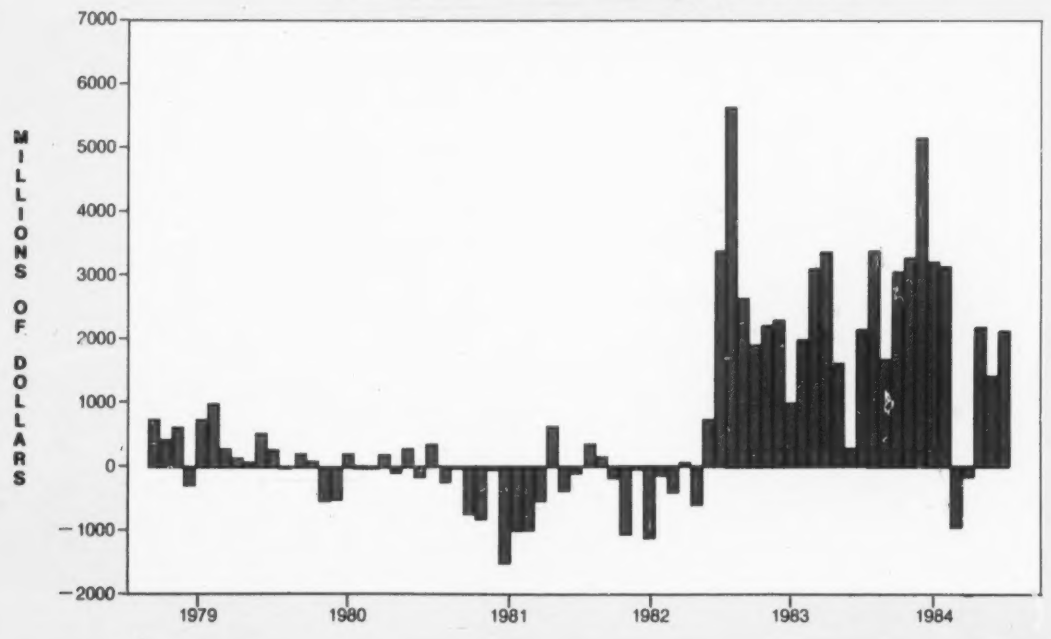
The Savings Rate. The increase in savings is far greater than would be expected given national savings rates published by the Department of Commerce. These have shown virtually no change since the late 1970's, amounting to 6.3 percent for the fourth quarter of 1984. Commerce data are admittedly a residual item, however, derived from calculations of personal income and consumption.

A second source for savings data is the Federal Reserve Board which publishes a savings rate based on financial flows. The Fed's savings rate typically runs much higher than the Commerce Rate. At the end of 1984, gross savings were equal to 23 percent of disposable personal income.

Regardless of source, the savings rate is undoubtedly higher than indicated by the usual measures. In fact, the S&L net new savings data for California would suggest a major change toward higher savings starting in 1983. This can be attributed to a variety of factors.

- Increased savings incentives, including the availability of individual retirement accounts (IRAs) starting January 1983.

FIGURE V-3
NET DEPOSIT INFLOWS INTO CALIFORNIA SAVINGS & LOAN ASSOCIATIONS



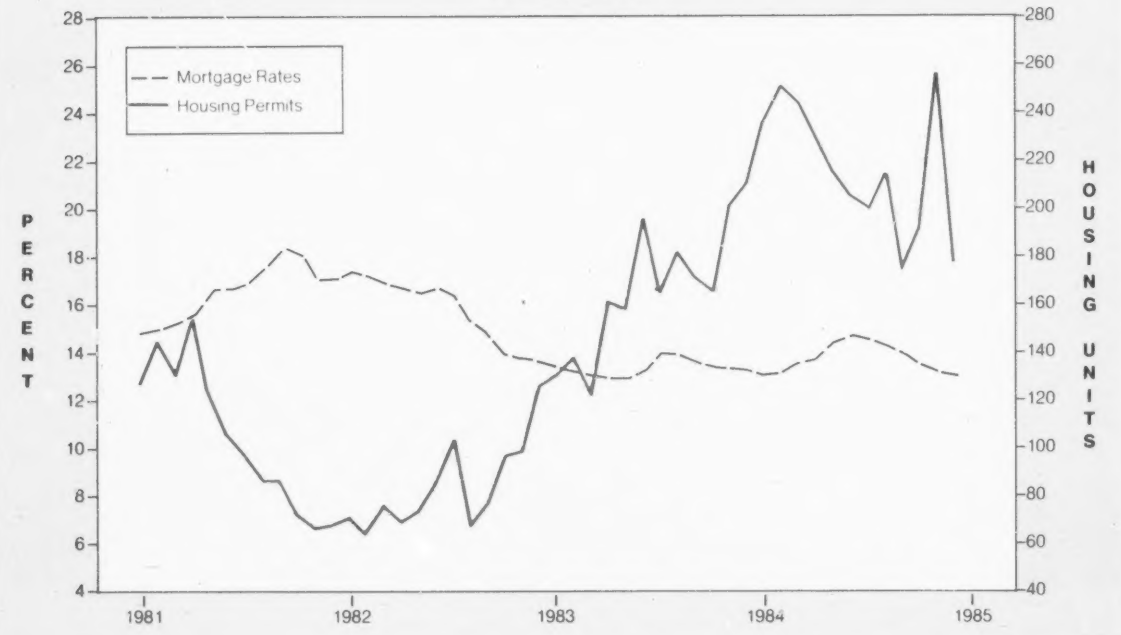
". . . net new savings data for California would suggest a major change toward higher savings starting in 1983."

- Deregulation of financial institutions, which resulted in a major move upwards in interest rates paid to depositors.
- Curtailment of inflationary pressures, which improved the real value of savings.
- The general upturn in the economy, which permitted rebuilding of balances as income rose.

The rise in savings at S&Ls was accompanied by a surge in mortgage loans closed. These amounted to $54.2 billion last year, up from $10.5 billion in 1981, and more than double the $24.4 billion recorded in 1978.

Continuation of positive savings flows will keep the homebuilding industry in a strong position, provided that mortgage interest rates do not rise to the point that demand is choked off. The issue of interest rates is always critical in a housing forecast. In the past, it was thought that 13 percent represented the threshold rate—the rate above which loan applications would be sharply reduced. In the past several quarters, however, the threshold appears to have risen moderately. This may be attributable to the existence of alternative financing arrangements such as ARMs which generally run 150 to 250 basis points below

FIGURE V-4
MORTGAGE RATES AND NEW HOUSING PERMIT AUTHORIZATIONS
1981 TO 1984



conventional mortgage rates. It may also be due to acceptance of the recent level of interest rates as the likely long-term situation. If the latter is the case, any major downward move in rates could have a highly stimulative effect on the economy.

Another concern relates to the proposed tightening of Federal net worth requirements for banks and savings institutions, which would require these institutions to maintain their net worth at a higher level than is currently required under California law. The regulations also place restrictions on asset growth. As a result, the amount of funds available for mortgages could eventually be reduced.

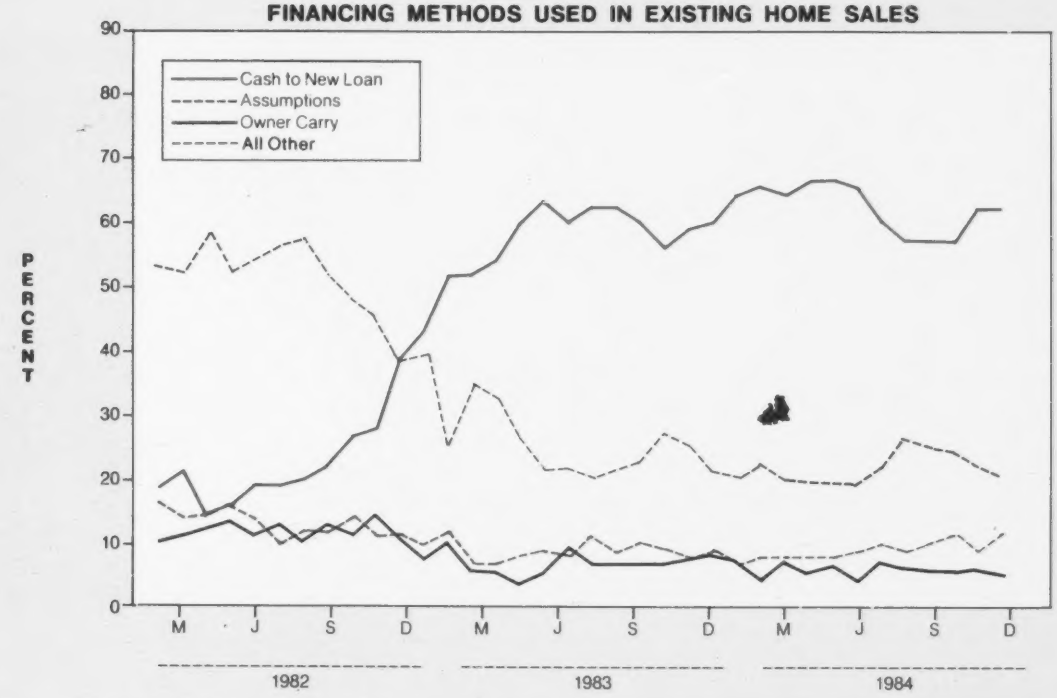
In addition, greater Internal Revenue Service scrutiny of tax shelters, such as real estate syndications and limited partnerships, has made the investing public more cautious. As a result, sales of these syndications and partnerships have been adversely affected. With many of the larger syndicators located in California, this trend could reduce their level of funding and serve to moderate real estate price appreciation.

The Impact of Legislation. Section 751.3 of the California Financial Code became effective on January 1, 1984. This section permits State-chartered banks to own stock in corporations whose primary activities are investments in real estate. These activities may include owning, renting, leasing, managing, operating for income, or selling real property. Each bank's investment in these corporations may not exceed 10 percent of the bank's total assets.

Urgency legislation became effective July 10, 1984 to resolve a technical problem with this authority that would have prohibited a State bank with a parent holding company from engaging in real estate activities. Under the amended authority, a State bank may either carry out the real estate activity in a subsidiary or directly in the bank. Different total investment limits apply, however:

- if in a subsidiary, the bank can invest 10 percent of its assets
- if directly in the bank, the limit is 100 percent of the bank's capital
- the combination of direct real estate investment and investment in a subsidiary is limited to 10 percent of assets.

FIGURE V-5
FINANCING METHODS USED IN EXISTING HOME SALES



"Office, bank, and professional buildings continue to account for the bulk of commercial construction."

Nonresidential Investment

For the second consecutive year, nonresidential construction was up strongly. Overall, valuation authorized by permits was up 20.8 percent to nearly $12 billion. Even in real terms, construction activity rose by 20 percent—the rate of inflation in the industry has been extremely low during the past year.

As in prior years, commercial activity dominated the total, accounting for almost half of all awards. Office, bank and professional buildings continue to account for the bulk of commercial construction. Authorizations for these were up more than 18 percent last year.

TABLE V-7
NEW NONRESIDENTIAL CONSTRUCTION IN CALIFORNIA, 1983 AND 1984

	1983 Millions	*Millions*	*Percent change*
Total Nonresidential	$9,910.8	$11,973.1	20.8
Commercial	4,456.6	5,643.2	26.6
Office, bank and professional	2,767.6	3,274.0	18.3
Stores and mercantile	711.5	1,106.0	55.4
Hotels, motels, and cabins	625.7	688.5	10.0
Parking garages	229.1	329.6	43.9
Amusement and recreation	94.5	143.8	52.2
Service stations and repair garages	28.1	43.1	53.4
Industrial	1,312.6	2,020.4	53.9
Other Nonresidential	1,478.1	1,561.7	5.7
Public works and utilities	179.3	216.6	20.8
Hospitals and other institutions	192.2	119.9	−37.6
Schools and educational	77.0	107.1	39.1
Churches and other religious buildings	90.3	77.1	−14.6
Residential garages	102.1	143.1	40.2
Miscellaneous	837.1	834.1	−.4
Additions and Alterations	2,663.5	2,747.8	3.2

Note: Detail does not add to totals. Percent changes based on unrounded preliminary data.

Source: Security Pacific National Bank

TABLE V-8
AVAILABLE AND VACANT SPACE AS A PERCENT OF TOTAL OFFICE SPACE

	Fourth Quarter Rate				
	1980	*1981*	*1982*	*1983*	*1984*
United States Average	4.1	4.8	10.3	12.4	17.2
Los Angeles	0.2	0.8	9.5	10.8	16.7
Sacramento	1.1	9.1	18.3	19.3	23.4
San Diego	3.7	3.7	27.3	21.3	17.9
San Francisco	0.1	0.4	5.7	5.9	13.5
San Jose *	—	—	11.8	9.8	15.7

* Series begins second quarter 1982.

Source: Coldwell Banker Office Vacancy Index of U.S., Dec. 31, 1984

The strength in the office category is somewhat surprising given the high vacancy rates in major cities in the State. Vacancies have soared since 1980, reflecting, at least in part, the high level of construction activity. Even San Francisco, which has been able to absorb a large amount of space because of its prestige element, had a vacancy rate of 13.5 percent at the end of 1984. In 1980, the rate was only 0.1 percent.

Concerns about overbuilding have been expressed. It is generally assumed, however, that additional space will be absorbed as in the past without much difficulty. Certainly the problem is nowhere near the magnitude of that in other parts of the nation.

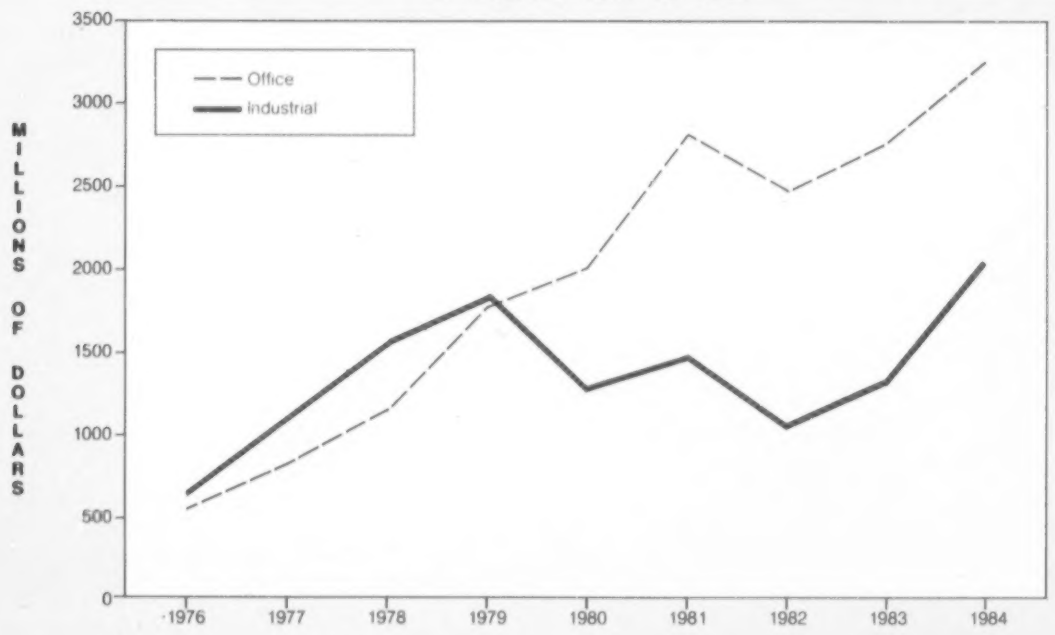
In relative terms, the largest gain over the year was registered for stores which saw authorized valuation rise by more than 55 percent.

The only areas of weakness were churches and other religious buildings, and hospitals.

The falloff in hospital construction followed a very robust year in 1983 when the month of January showed an unusual $65.3 million in hospital construction. This surge appears to be the result of the Seismic Safety Act becoming effective in January of that year. Among other things the Act transferred authority for approval of hospital building permits from local governments to the State. This may have caused filing for some hospital projects to have been rushed through in late 1982 with actual approval occurring in January 1983.

The comparative softness in hotel and motel construction reflects the breathing space which occurred after the surge in this sector in 1982 and 1983 in anticipation of the Olympics in Los Angeles and the Democratic Convention in San Francisco.

FIGURE V-6
TRENDS IN OFFICE AND INDUSTRIAL CONSTRUCTION, CALIFORNIA: 1976 TO 1984



Highway Construction

Highway construction increased dramatically in 1984, with the California Department of Transportation (Caltrans) awarding contracts worth $512 million. In addition to this 25.4 percent rise in total contract valuation, the size of individual contracts was up significantly, rising by more than 45 percent. This reflected a shift from smaller, repair-type projects towards larger new construction and highway improvement jobs.

The strong growth in highway contract valuation is significant even in the face of sharply higher input costs. The Caltrans Price Index for Selected Highway Construction Items (PISCHI) rose 15.3 percent in 1984, a sharp contrast to the low to moderate growth registered in broad construction indices. Most of the PISHCI increase (80 percent) was caused by extreme jumps in both roadway excavation (+51.9 percent) and aggregate base (+48.6 percent) costs. Price inflation for the other input materials was more moderate, ranging from a modest 2.9 percent rate for asphalt and concrete to an 11.9 percent spurt in the price of bar reinforcing steel.

The Administration's proposed $1.4 billion capital outlay budget for the 1985–86 fiscal year will allow for both the continued maintenance and rehabilitation of the existing road and highway system, and implementation of the adopted 1984 State Transportation Improvement Program (STIP). The 1984 STIP contains over 1,600 projects, of which many are "fast tracked". Implementation of the 1984 STIP will insure continued progress on improving the state's infrastructure and provide further support for the heavy construction industry.

"Highway construction increased dramatically in 1984, with the California Department of Transportation (Caltrans) awarding contracts worth $512 million."

VI. Resource Industries

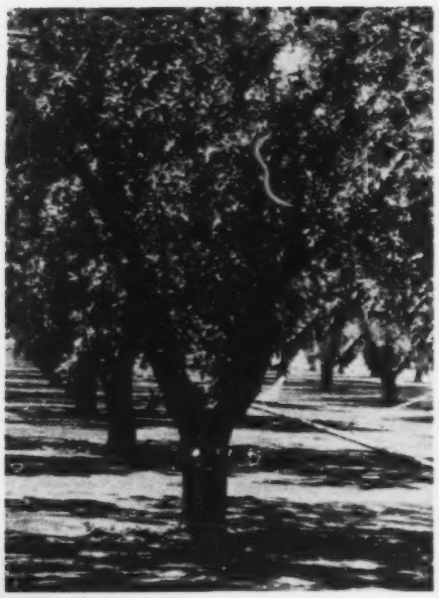
"The diversity of California's agricultural production is a source of strength for the entire sector."

AGRICULTURE

Hot weather, high yields and low prices made 1984 a perplexing year for California's ranchers and growers who continue to lead the nation in total production. Farm and ranch product sales amounted to $13.5 billion in 1984, up less than one percent from 1983 despite the return to production of acreage previously idled by the Payment-In-Kind (PIK) program. Tonnage produced increased by 11 percent, but net cash income is expected to show little change due to lower prices.

Declining exports, which account for the production of nearly one-third (32%) of California's cropland, are a major factor in the drop in prices. The strength of the dollar, increasing competition trade barriers and foreign subsidies have held down exports. As a result, the domestic market has excess supply which works to depress prices.

On the brighter side, California provides one-half of the fruits, nuts and vegetables grown in the U.S. and per capita consumption of these California specialties continues to rise. Demand is being met with both increased acreage and higher yields. Deciduous tree fruit production was up 21 percent from 1983 with substantial increases recorded for apricots, cherries, Clingstone peaches and plums. The almond crop was the largest on record and reached 580 million pounds. These increases were offset by decreases of 30 percent in citrus fruits and 7 percent in grapes. Consumer demand for fresh fruits is leading to increased planting of Granny Smith apples, avocados, seedless grapes, kiwifruit, nectarines, Freestone peaches, pecans, pistachios and walnuts.



California's 1984 production of vegetables, melons and strawberries was up 8 percent from the previous year's harvest. Increases were recorded for all major vegetable crops except fresh market tomatoes. The canning tomato crop totaled 6.6 million tons, up 10 percent from last season in spite of extremely hot weather that accelerated the harvest. The final yield of 27.5 tons per acre was an increase of 2 tons per acre from 1983 and the highest average on record.

Among the field crops, acres idled by the PIK program in 1983 were replanted and a 19 percent increase in tonnage was achieved. With lower prices, net cash income is expected to remain near the 1983 level. Most commodities shared in the rebound in production—wheat, corn, rice and cotton showed substantial increases from PIK reduced 1983 levels. Increases were also recorded in non-PIK commodities including hay, dry beans and sugarbeets.

Higher milk production and increased cattle slaughter helped California's 1984 gross cash receipts from farm marketings of livestock and poultry. The total of $4.4 billion is up 6 percent as a result of a 10 percent increase in feedlot marketings and a 3 percent increase in milk production to a record 15.3 billion pounds.

California's laying flocks produced 8.3 billion eggs in 1984, up 2 percent from 1983, while broiler production increased for the 11th consecutive year. Turkey production showed a 2 percent drop in numbers from last year but improved prices have increased the total return to growers.

The diversity of California's agricultural production is a source of strength for the entire sector. As

TABLE VI-1

CALIFORNIA'S CASH FARM RECEIPTS BY SOURCE, 1983

	Billions	*Percent of total*
Fruit and nut crops	$2.522	18.6
Field crops	2.858	21.1
Livestock and poultry	4.160	30.7
Vegetable crops	2.981	22.0
Miscellaneous *	1.017	7.5

* Primarily nursery and greenhouse products

shown in Tables VI-1 and VI-2, no single group of products dominates the economy and only the leading product (milk and cream) exceeds 10 percent of the total. A wide range of crops from grapes and cotton to oranges and processing tomatoes complete the top 10 products. The continued rise of nursery products and flowers/foliage is emphasized when these two categories are combined. Together they would be a $1 billion industry and the State's leading crop value, falling just behind the two leading livestock income earners.

Problems Affecting Agriculture

High production, high interest rates, low farm product prices and changes in government policies are creating an economic squeeze within the agricultural sector. The strong dollar that has dampened exports and foreign competition are especially challenging to wine makers, raisin producers and apricot dryers. Coping with abundance has become the theme for commodity organizations. For example, research and promotion are being supported from assessments collected from growers and vintners comprising the new Wine Growers of California Advisory Board.

Credit for financing agricultural production has become more difficult to obtain as land values have fallen. Going-out-of-business sales and farm and ranch foreclosures are more common now than at any time since the Great Depression of the 1930's.

At the same time, the Farm Bill will be revised in Congress during 1985 amid pressure to reduce government spending. The dairy support price is already being gradually reduced and supports for California's wheat, corn, rice and cotton will be changed in yet-to-be determined ways. Growers of these crops face an uncertain year in policies as well as weather and market variability.

TABLE VI-2

RANKING AND VALUE, 20 LEADING FARM PRODUCTS, CALIFORNIA, 1982 AND 1983

	Commodity Ranking		*Value * (In thousands)*		*Percent of State Total*	
Farm Product	*1982*	*1983*	*1982*	*1983*	*1982*	*1983*
Milk and Cream	1	1	$1,941,197	$1,947,565	13.6	14.7
Cattle and Calves	2	2	1,481,400	1,266,744	10.4	9.5
Grapes, All	3	3	1,246,827	946,995	8.7	7.1
Cotton	4	4	1,100,923	831,705	7.7	6.3
Hay, All	5	5	662,244	731,524	4.6	5.5
Nursery Products	6	6	531,638	547,438	3.7	4.1
Lettuce	7	7	478,974	541,686	3.4	4.1
Flowers and Foliage	9	8	412,274	470,021	2.9	3.5
Oranges	11	9	368,740	465,134	2.6	3.5
Tomatoes, Processing	8	10	421,138	386,449	3.0	2.9
Eggs, Chicken	10	11	362,852	371,417	2.5	2.8
Strawberries	14	12	294,419	279,283	2.1	2.1
Chickens	15	13	265,460	258,018	1.9	2.0
Almonds	12	14	311,140	253,600	2.2	1.9
Rice	17	15	238,389	205,492	1.7	1.5
Wheat	13	16	306,794	193,175	2.2	1.5
Potatoes	18	17	186,546	176,220	1.3	1.3
Broccoli	19	18	180,924	170,132	1.3	1.3
Celery	23	19	134,407	151,933	1.0	1.1
Turkeys	20	20	157,560	145,642	1.1	1.1

* Based on value of quantity harvested for crops and on value of quantity marketed for livestock and poultry products.

Source: California Department of Food and Agriculture.

Other policy changes may also cause concerns within California's agricultural sector. These include possible changes in water availability because of salinity build-up; additional restrictions on pesticide use; the spread of insects into California such as the apple maggot, cotton boll weevil and gypsy moth; reductions in research due to labor and animal rights concerns; and challenges to cooperatives and marketing orders.

The Outlook for Agriculture

Although production is likely to continue climbing, the outlook for increased farm income is not encouraging. Prices will depend on how well demand matches the available supply. Exports, especially to Pacific Rim countries, will continue as a major outlet for many of California's products.

Producers of field crops will be watching the Farm Bill proposals and some shifting to crops outside the support system may take place. Cotton growers will be the most influenced by the world market since three out of four bales of California cotton are sold abroad.

Increases in consumption of fresh fruits and vegetables are expected to continue along with the general expansion of the economy and a growing appreciation of nutrition. Kiwifruit and pistachios illustrate the pattern as large acreages are just coming into production and industry commissions have been formed to promote consumption through research and advertising.

Wine producers are organizing to alleviate their inability to sell ever greater production in competition with lower priced imports from Italy and France. Research, advertising and advocacy will be used by this newly united industry.

Livestock producers face a variety of uncertain forces that will shape their profits in 1985. A declining dairy support program may be partially offset by the establishment of the largest cheese factory in the world. Cattle feeders will gain with the economic expansion, but gains will be moderated by public perception that poultry and fish are preferred sources of protein. Increasing interest in gourmet foods will encourage producers of goat cheese, while a return to natural fibers has sparked interest in mohair and locally-produced, natural-colored wools.

Small farmers are increasing in California, especially part-time producers. This encourages interest in direct marketing from the producer to the consumer. Under the auspices of the State Department of Food and Agriculture, about 90 farmers' markets have been organized and continuous efforts are made to ensure these are providing good quality products.

In summary, the outlook for 1985 is hopeful for expanded production but badly clouded by many economic factors that remain unknown at this time. Changes in the Federal farm program and the value of the dollar loom large in determining prices of farm produce. Changes in consumption patterns encourage many growers, but the credit crunch on declinining farmland values is a constant threat to heavily leveraged farmers and ranchers.

FORESTRY

Economic recovery and growth were the key words in 1984 for the general economy and forest industry. A 30 percent increase in housing permits issued was primarily responsible for the gains which occurred in employment and production activity. These increases, however, were accompanied by other developments which indicate the forest industry is still far from full recovery.

TABLE VI-3

CALIFORNIA TIMBER HARVEST, 1980 TO 1984
(Million board feet)

Year	Public Land	Private Lands	Total
1980	1,228	1,863	3,091
1981	950	1,722	2,672
1982	818	1,501	2,319
1983	1,468	1,890	3,358
1984 (est.)	1,762	2,268	4,030

Employment

Employment in lumber and wood products posted a gain of 9.7 percent, rising from an average of 50,600 persons in 1983 to 55,500 in 1984. This was especially good news in timber dependent counties such as Del Norte, Siskiyou and Sierra. The average unemployment rate for 1983 in these three counties was 19.6 percent, 19.7 percent, and 21 percent, respectively. In 1984, the rates had falled to 17.4 percent, 16.6 percent and 19.9 percent, respectively. These figures reflect a downward trend in unemployment that began in 1983. The rates are still high relative to the rest of the State, however. Preventing an upward swing in unemployment in counties such as these depends on the future propects of the forest industry and the ability of the local economies to diversify.

Employment in paper and allied products rose by 5.1 percent, from 37,000 persons to 38,900. Continued growth in this sector is expected since it is closely tied to the general economy.

TABLE VI-4

EMPLOYMENT IN THE CALIFORNIA FOREST PRODUCTS INDUSTRY, 1980 to 1984

Year	Lumber & Wood Products	Paper & Allied Products	Total
1980	62,600	38,700	101,300
1981	57,900	38,700	96,600
1982	46,200	37,500	83,700
1983	50,600	37,000	87,600
1984	55,500	38,900	94,400

Prices

The strength of the dollar has led to more competitive pressures from imported lumber and wood products from Canada, Brazil and Venezuela, as well as a less competitive position for domestic exports in the important Pacific Rim market. Wholesale lumber prices have dropped an average of 3 percent, with Douglas-fir dropping 9 percent.

While prices for finished lumber have been dropping, the cost of raw materials is showing an increase. Average stumpage price for all species sold from national forest lands increased 5 percent in 1984 from $76.90 per thousand board feet to $80.76 per thousand board feet. Activity on private lands also remains high, with 1,256 timber harvest plans filed in 1984, slightly more than the number filed in 1983. Total volume harvested in California is estimated to have increased by 20 percent in 1984. More pressure will be placed on the forest products industry if stumpage prices continue to rise in the face of falling lumber prices.

TABLE VI-5

YEARLY PRICES OF SELECTED WOOD PRODUCTS, 1980 to 1984 *

Year	Framing Lumber Composite Index	Douglas-fir STD & BTR 2×4 RL	California Ponderosa Pine #3, 1×12	Douglas-fir Plywood, CD EXT
1980	203	209	300	155
1981	195	190	300	148
1982	169	167	259	135
1983	221	222	251	154
1984	199	202	278	152

* Dollars per thousand board feet, lumber. Dollars per thousand square feet, plywood.

TABLE VI-6
AVERAGE STUMPAGE PRICES FOR SAWTIMBER ON NATIONAL FORESTS BY SELECTED SPECIES, PACIFIC SOUTHWEST REGION (CALIFORNIA), 1980 TO 1984 *

Year	Douglas-fir	Ponderosa and Jeffrey Pine	All Species
1980	189.50	206.10	252.20
1981	146.70	196.20	156.10
1982	50.00	66.90	54.50
1983	63.30	104.00	76.90
1984	65.45	127.89	80.70

* Dollars per thousand board feet.

Some relief for the industry was achieved last year. Legislation passed in October established a mechanism by which companies could cancel over-bid Federal contracts. Although the companies will be required to pay a penalty fee, the penalty is less than if contracts defaulted. This amount still represents a substantial loss to some companies. Many large western timber companies plan large write-downs for the final quarter of 1984.

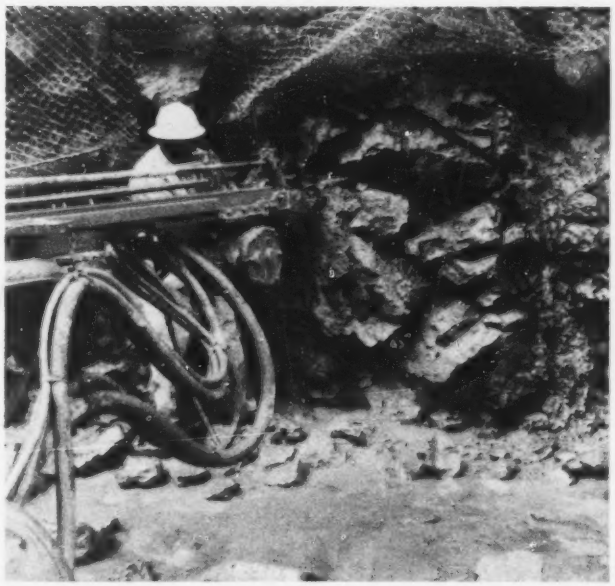
The timber released from over-bid contracts will be placed back on the market. Adding this volume to increased imports, the inability to export some products and the emergence of harvestable second-growth stands leads to a situation of increased supplies of lumber and wood products.

Forestry Industry Outlook

The outlook for the timber industry on the West Coast is not particularly strong. A decline in the number of permits issued for 1985, for instance, will lower the demand for lumber and wood products. Furthermore, recent trends have been to more multiple-family units and smaller single-family units. If these trends continue, demand will be even lower. Continued growth in the strength of the dollar, increasing competition in both the import and export markets and the costly settlement of over-bid Federal timber contracts, are likely to prevent sustained recovery for the industry. A more realistic outlook for the forest industry in California is one of continued soft prices and industrial reorganization in the near term.

MINING

California has one of the largest and most diverse mineral industries in the United States. It led the nation in the value of nonfuel mineral production in 1983 and 1984, and should continue that trend in



1985. The economic downturn in California's minerals industry in 1982 was offset by a 13 percent increase in 1983 and a 6 percent increase in 1984 to yield $1.9 billion worth of nonfuel minerals. Construction minerals, particularly Portland cement and concrete aggregate, led the increase, whereas metallic minerals apart from precious metals showed a continuing decline.

The Outlook for Mining

The overall outlook for the mineral industry in California during the next two years will depend largely on construction activity since construction materials are the predominant component of California's nonfuel mineral industry. On the other hand, imports of cement from Australia and Japan are on the rise.

The decline in metal refining capacity in the nation makes the outlook for metal production unfavorable for the next few years at the very least. California's metal production, apart from gold and silver, has a particularly unfavorable

outlook following the closure of the Eagle Mountain iron mine and the decline of tungsten production which followed hand in hand with the decline in the U.S. steel industry.

Gold and silver production is expected to increase in California when mining operations, which are now in the planning or development stages, are brought on line. Production of other metals, including tungsten, molybdenum, mercury and iron, has declined sharply and is not expected to increase in the near future.

California is a leader among states in the variety of its mineral commodities, and it continues to play a vital role in supplying the nation and the Western world with certain commodities such as borates, rare-earth elements and diatomite.

Oil Production

California ranks fourth in the nation among oil-producing states, behind Texas, Alaska and Louisiana. Currently, California produces about 13 percent of the nation's domestic crude oil.

Oil production in California increased for the sixth year in a row in 1984, surpassing the previous record set in 1983. Preliminary estimates indicate production last year amounted to approximately 412 million barrels, a 1.7 percent increase from the 405.1 million barrels produced in 1983.

These production figures include Federal Outer Continental Shelf (OCS) production, which accounted for 30.7 million barrels in 1984 and 30.5 million barrels in 1983. Production from State tidelands increased from 37.7 million barrels in 1983 to 39.1 million barrels in 1984.

Kern County continues to lead all counties in oil production, with Los Angeles County in second place. Kern County accounted for approximately 58 percent of the state's total production (onshore and offshore) in 1984, and Los Angeles County for approximately 15 percent.

Incremental oil production—oil produced as a result of enhanced-recovery projects—came to 206.2 million barrels in 1983, or 51 percent of California's total oil production. Steam stimulation of heavy-oil reservoirs was credited with 141.8 million barrels with waterflood operations accounting for 63.3 million barrels.

Natural gas production in California increased 16.3 percent to 485 billion cubic feet during the year. In 1984 the year began at 1,189 gas wells in operation, compared with 1,140 at the start of 1983.

"Oil production in California increased for the sixth year in a row in 1984, surpassing the previous record set in 1983."

At the beginning of 1984, 47,650 oil wells were producing, compared with 46,920 at the same time in 1983. The number of new oil and gas wells completed to production increased to 3,320 in 1984, compared with 1,918 in 1983. Drilling activity was also up, rising from 2,838 in 1983 to 4,170 in 1984. The drilling increase is a result of the expansion of steam-injection projects to recover heavy oil.

Proved oil reserves (oil that can be recovered economically with existing technology and at current prices) were estimated at 5.1 billion barrels. Proved natural gas reserves were estimated at 4.8 trillion cubic feet.

ENERGY

The availability and cost of energy is integrally linked to California's economic well being. In the last decade, dramatic increases in world oil prices, coupled with modest supply shortages, twice staggered Western economies. Most recently, falling real oil prices have contributed to California's economic upturn. Natural gas prices appear to have peaked in 1983 and are likely to be relatively stable over the next few years. This will contribute to future growth.

The California Energy System

Currently, California depends on oil and natural gas for 90 percent of its primary energy needs. Of that total, oil supplies 58 percent and natural gas 32 percent. Nuclear, geothermal, hydroelectric, coal and a variety of alternative energy resources supply the remaining 10 percent, almost entirely electricity. Transportation accounts for 47 percent of all energy use. Commercial, industrial and agricultural businesses use 39 percent and the household sector uses 14 percent.

Electricity production consumes 24 percent of the State's primary fuels but supplies only 10 percent of California's energy needs; the difference is energy lost in generation and transmission.

Oil

The petroleum situation is discussed under the minerals section. In the content of this section, the most significant factor is the trend in prices. Crude oil prices fell sharply during the year, due largely to overproduction by some OPEC members and continuing weak demand. This situation was reflected in gasoline prices. Regular leaded gasoline prices in California fell 2.6 percent in 1984, while the price of unleaded gasoline rose only 1.5 percent. Over the next year, gasoline prices will be balanced between the continuing trend to lower crude oil costs and increasing demand.

Recent developments suggest that crude oil prices will remain relatively stable or move slightly lower over the next few years.

Natural Gas

California's consumption of natural gas for residential, commercial, industrial and electrical generation use was relatively constant between 1983 and 1984. However, for the second consecutive year, purchase costs for California's gas supply declined by 7.3 percent. This decline in purchase costs allowed cuts in rates to residential, commercial and industrial customers. Not all the drop in purchase costs is reflected in rates since increased transportation costs have eroded some of the savings.

With Canadian and Southwest supply prices continuing to decline, rates for the next few years should be moderate. Rates are expected to decline in 1985 for all sectors except electric generation.

TABLE VI-7
ESTIMATED AVERAGE CONSUMER NATURAL GAS PRICES, CALIFORNIA
(Cents per therm)

	1984	*1985*	*Percent Change*
Residential	56.6	56.4	−.3
Commercial	67.3	64.8	−3.7
Industrial	61.2	53.4	−12.7
Electric Generation	49.9	50.7	+1.2

Source: 1984—California Energy Commission *Energy Watch.*
1985—PUC—CAM Decision—December 1984.

Electricity

Over the past 20 years, per capita energy consumption has been stabilizing despite increasing electrical equipment ownership. Rising electricity prices and energy conservation programs have been major contributors to this trend.

Between 1960 and 1970 electricity sales in California grew at an average 7.5 percent per year. This rapid growth in consumption slowed to an

average 4.5 percent a year between 1970 and 1975, and to a 2.3 percent rate between 1975 and 1982. The continued reduction in the rate of electricity sales growth for all sectors over the past decade reflects a combination of increased conservation, increased efficiency and the recessions which occurred after the 1973 and 1979 oil price shocks.

TABLE VI-8
AVERAGE ANNUAL GROWTH RATE IN ELECTRICITY SALES, CALIFORNIA

Year	*Residential*	*Commercial*	*Industrial*	*Total*
1960–70	9.1	6.5	7.6	7.5
1970–75	4.3	7.3	1.8	4.5
1975–82	3.0	1.6	1.2	2.3

Source: Energy Information Administration, *State Energy Data Report*, May 1984.

TABLE VI-9
ELECTRICITY COSTS, 1970 TO 1987

	Current Cents/kWh	*Constant 1982 Cents/kWh*
1970	1.57	3.57
1982	7.40	7.40
1983	7.19	6.93
1984*	7.50	6.93
1985**	8.75	7.71
1986**	9.69	8.07
1987**	10.20	8.01

* Based on partial year data.
** Forecast by California Energy Commission staff, October 1984.

Between 1970 and 1984, the statewide average electricity price in current dollars grew from 1.6 to 7.5 cents per kWh. Discounting these numbers for the effects of inflation, the real price of electricity doubled during this period.

The electric utility bill for a household consuming 500 kWh per month grew from about $10 to over $36 during the same period. In certain severe climate areas where natural gas was unavailable, monthly electrical heating costs were in the $150–$185 range.

Under normal conditions, more than 50 percent of California's electricity is provided by oil and natural gas-fired generation. The dramatic increases in the prices of these fuels have been largely responsible for increasing electricity rates: about 50 percent of a typical Californian's bill goes toward fuel and purchased power costs. Since 1975, the cost of using oil to generate electricity has nearly tripled while the cost of gas has quadrupled. Other operating costs have also increased substantially.

1983 saw a reversal of the earlier trend, as the statewide average electricity price actually decreased relative to 1982, from 7.4 to 7.1 cents per kWh, due to favorable hydroelectric conditions in California and the Pacific Northwest and to a decline in oil and natural gas prices. Oil and natural gas-fired generation fell to approximately one-third of electricity requirements from over 50 percent. In 1984, with decreased hydroelectric power available, the statewide average electricity price returned to its 1982 level.

Hydroelectric conditions, natural gas prices, world oil prices, the ratemaking treatment and performance of major electricity supply additions such as the Diablo Canyon and San Onofre #3 nuclear plants, and general rate proceedings (excluding those related to fuel cost adjustments) will influence electricity rates in the 1985–87 period. Although oil and gas prices are stabilizing, electricity rates are still expected to increase 2 percent per year in the 1985–87 period to cover other utility costs such as new power plants and a return to normal hydroelectric conditions. These increases are moderate when compared to the average annual increase of 16.3 percent over the 1973–82 period. Fuel costs now represent approximately 40 percent of total electricity prices, compared to approximately 60 percent a few years ago.

Transportation Energy

Californians have resumed their old driving habits after the shocks of high gasoline price increases in the late 1970s and recession in the early 1980s. A particularly interesting period in the evolution of automobile transportation in both California and the nation occurred between 1978 and 1984. Figures VI-1 and VI-2 display the complex, but revealing, anatomy of driving in California during the 1979 gas "crisis" and the subsequent economic recession and recovery. The figures show indices of potential and actual gasoline use referenced to the pre-crisis year of 1978, the average fuel efficiency of new cars purchased and the average "fleet" fuel efficiency of cars and trucks on the road indexed to 1970 to illustrate the impact of Federal auto efficiency standards enacted in 1975.

Figure VI-1 shows that the number of registered vehicles and licensed drivers never ceased to grow. However, driving and car buying practices went through a dramatic change, especially in 1979 and 1980. California drivers at first reacted to higher prices and gasoline lines by reducing

FIGURE VI-1
INDICES OF POTENTIAL AND ACTUAL GASOLINE CONSUMPTION
1978=1.0

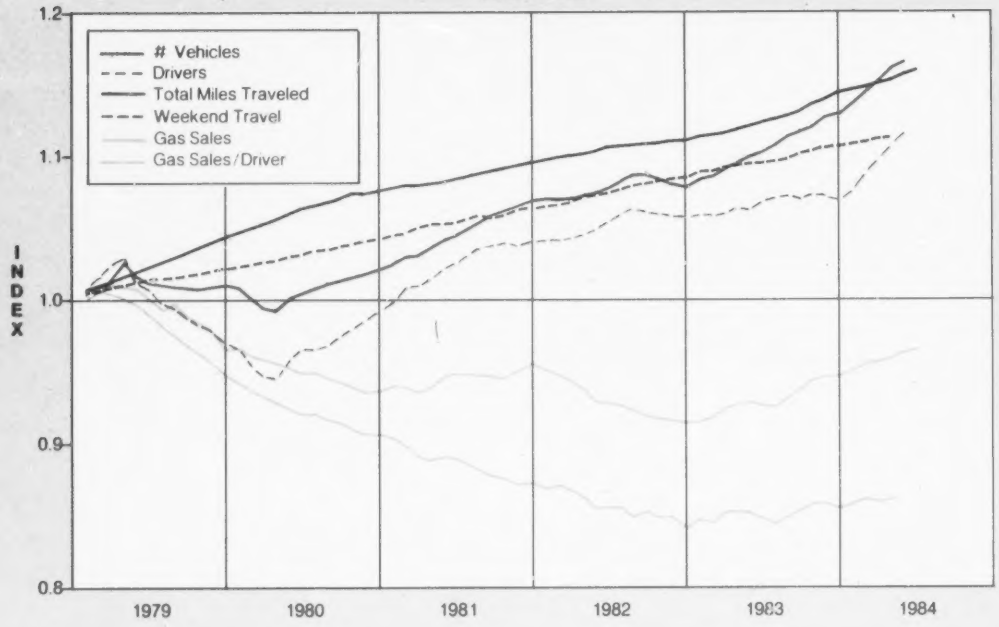
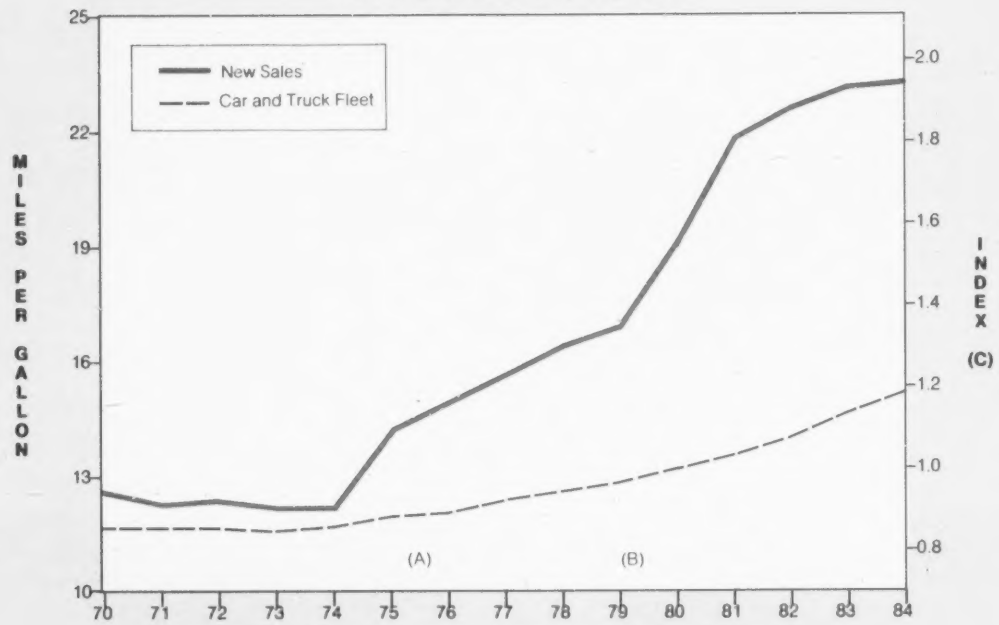


FIGURE VI-2
ON-ROAD MILES PER GALLON



(A) Federal Mileage Standards Enacted
(B) 1979 Gasoline 'Crisis'.
(C) 1978 = 1.0; 1970 Average MPG = 12.6

driving, particularly discretionary or weekend driving. A rush to purchase more fuel-efficient vehicles became particularly noticeable immediately thereafter, (Figure VI-2) accelerating a trend already initiated by the 1975 Federal mileage efficiency standards. Since the average life of an automobile is about seven years, this trend to purchase more fuel-efficient vehicles was still working its way into the average fuel efficiency of the California "fleet" in 1984, despite a recent leveling-off of the higher miles-per-gallon trend of new car purchases.

Meanwhile, adjusting to the combined shock of price increases, fuel availability and recession, Californians increased essential and then discretionary driving in 1981 and 1982. Gasoline sales reached a bottom in late 1982 and early 1983, and are once again climbing although they still remain below 1978 levels. Despite the ongoing improvements in the fuel efficiency of the California auto fleet, it is likely that 1978's record gasoline consumption will be exceeded in the mid-to-late 1980s simply because of more drivers and the reality that less savings per new vehicle will be possible as fewer and fewer "gas guzzlers" remain to be replaced.

WASTE MANAGEMENT

The development of resources is given regular coverage in a review of an area's economy. The disposal of resources, however, is generally ignored. This year that omission is being rectified.

In 1985, the State will see the creation of the Department of Waste Management which will bring together the functions of three separate agencies currently involved with waste disposal activities. With the improved coordination which this will engender, long-term planning to prevent the build-up of serious disposal problems which have afflicted other states will be made easier.

The magnitude of the problem is already substantial. Last year, for instance, 31 landfills were closed in California; none were opened. It is estimated that 21 counties, accounting for 65 percent of the State's population, will need landfills capable of accepting 19,265 tons per day in the next three years alone. New environmental problems were found at both operating and closed solid waste sites, suggesting that the potential hazards posed by presumably "non-hazardous" sites are more like those posed at recognized hazardous sites than previously thought.

Location and financing are the two major problems faced at the present time. Opposition to new, and even existing, landfill sites has led to a piecemeal approach to the problem of disposal. A major overhaul of the entire waste management system is required and will be a priority for the new Department of Waste Management.

Financing is also difficult. Air and water quality regulations require substantial investment to insure that disposal sites meet legislated standards. One alternative being studied is the conversion of waste-to-energy. Plants for these processes are extremely expensive, however. It is anticipated that much of the financial responsibility for such investments will fall to local governments. One project is already on-line to demonstrate the feasibility of the conversion process: small (100 tons per day) operation in Lassen County. A considerably larger plant, accepting 300 tons per day, was started in Los Angeles County in February of this year. Success of these operations would go far toward proving the viability of larger-scale operations designed to meet two objectives at one time—the disposal of solid waste and the generation of energy.

"A major overhaul of the entire waste management system is required and will be a priority for the new Department of Waste Management."

AIR QUALITY

Air quality and pollution control issues have generated considerable debate over the past decade. There has been a widespread impression, for instance, that air pollution control efforts in California have severely limited development. In reality, California's economic growth in the 1970s and through the mid-1980s continued to outpace that of most other states. It is clear from this that cleaning the environment is compatible with economic growth.

The improvements in air quality that have resulted from past efforts will help strengthen the State's economy as well as provide for a better quality of life in the future.

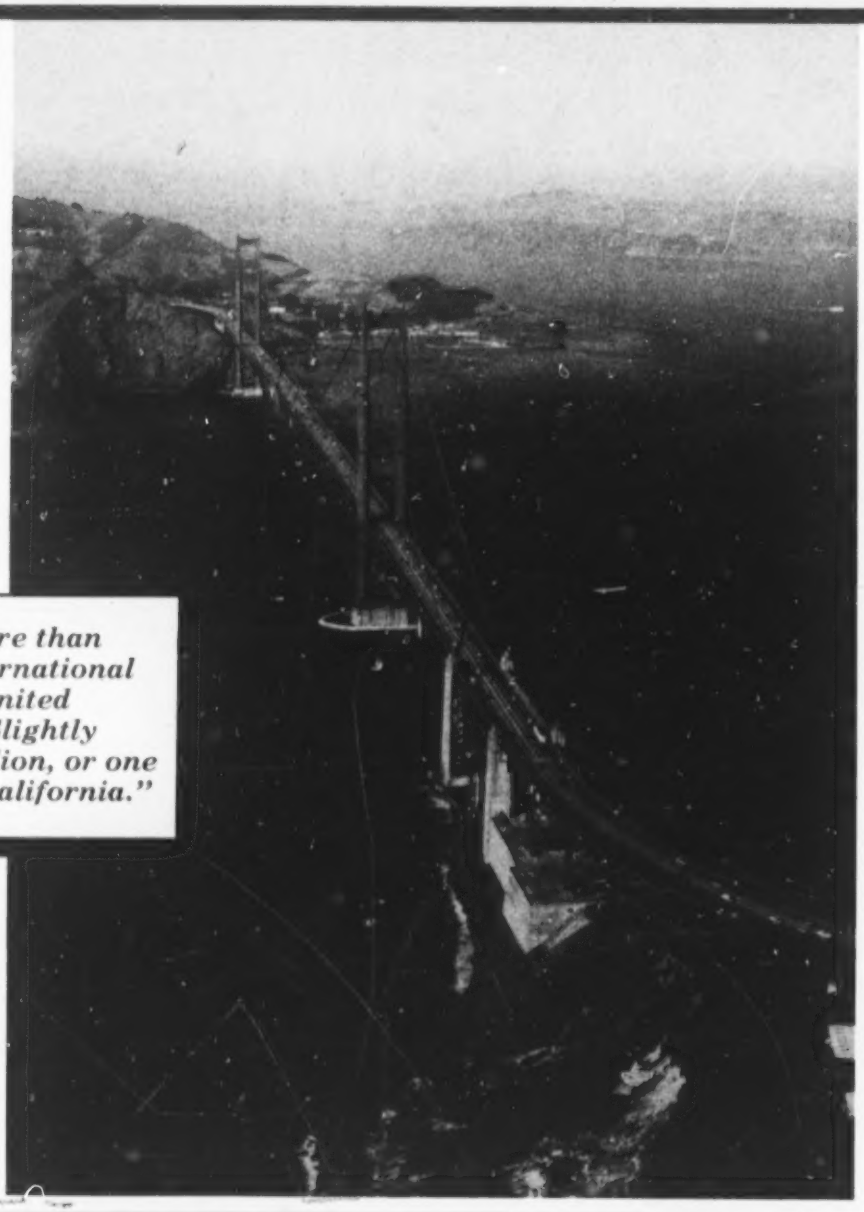
It is impossible to quantify the economic impact of pollution with a high degree of accuracy. Research projects in this area are both expensive and difficult to conduct. It is known that the health impairment caused by air pollution translates in economic terms to preventable medical expenditures and a loss in productive capacity. Air pollution also affects the agricultural industry, causing damage to some of California's biggest cash crops. The price tag for growers is estimated to be between $150 million and $1 billion a year. Pollution also damages the natural ecosystems which account for approximately 85 percent of California's land area and provide recreation as well as support for timber and livestock industries.

Recent improvements in air quality will allow some of these costs to be averted. For example, 1983 was the first year in which lead levels in the ambient air were in compliance with clean air standards. The reduction was the result of California's gradual reduction in the amount of lead allowed in gasoline. Lead in the atmosphere has been linked to learning difficulties in children and anemia in children and adults. Substantial reduction in medical and remedial education costs should occur as a result of these controls.

The California based air pollution control industry has sales of approximately $900 million per year, with 90 percent of the hardware and 85 percent of the service and consulting work sold to industries outside the State. The $200 milion spent for controls on California's industries constitute less than 2 percent of the budget for building or expanding industrial facilities. California also exports industrial air pollution controls.

The California Legislature implemented a bi-annual vehicle inspection and maintenance program in 1984. The program is expected to generate approximately $216 million per year, $180 million of which will go to the smog check and auto repair industries. A good portion of this expenditure is expected to be returned to consumers in the form of fuel savings resulting from cars that are better maintained.

VII. Tourism



"There were more than 21.7 million international visitors to the United States in 1983. Slightly more than 4 million, or one in five, visited California."

The tourism industry is a vital part of the California economy. It is estimated that approximately 524,000 persons were employed in tourist-related occupations in 1983, the latest year for which data are available. Payroll figures amounted to $6.1 billion. Spending in the State by both in-state and out-of-state travelers was placed at $25.9 billion, with business travel accounting for nearly $5 billion of the total. International visitors spend an additional $2.63 billion in the State.

California is in the enviable position of having a well-developed tourist business with a broad range of attractions. Data from the U.S. Travel Data Center illustrate the scope of the industry, its role in job creation in the State and its potential for further development.

For instance, California's appeal is particularly evident in the overseas market. There were more than 21.7 million international visitors to the United States in 1983. Slightly more than 4 million, or one in five, visited California. Only New York state attracted more foreign visitors. The preponderance of these visitors were from Mexico and Canada:

Mexico	718,000
Canada	688,000
Japan	463,200
United Kingdom	214,600
West Germany	198,700
Australia	153,800
France	100,000

Spending by overseas visitors amounted to $2.63 billion, making California second only to Florida.

TABLE VII-1
TRAVEL-RELATED EXPENDITURES, PAYROLL, EMPLOYMENT AND TAX RECEIPTS IN CALIFORNIA, 1978–1983 *

	1978	*1979*	*1980*	*1981*	*1982*	*1983*
Expenditures (Billions)	$15.2	$19.1	$21.9	$23.9	$24.6	$25.9
% change	17.1	26.1	14.4	9.4	3.0	5.5
Payroll (Billions)	$3.6	$4.5	$5.0	$5.5	$5.7	$6.1
% change	18.8	23.6	10.7	10.2	5.3	7.1
Employment	425,579	473,813	496,323	514,593	511,570	523,878
% change	11.1	11.3	4.8	3.7	−0.6	2.2
State tax receipts (Millions)	$684.0	$770.1	$846.5	$858.0	$888.4	$901.6
% change	21.5	12.6	9.9	1.4	3.5	1.5
Local tax receipts (Millions)	$348.2	$320.7	$370.4	$459.4	$493.2	$509.4
% change	17.1	−7.9	15.5	24.0	7.4	3.3

* Travel by U.S. residents only; foreign travelers spend another $3 billion in California annually.

Source: U.S. Travel Data Center; California Office of Tourism

Californians also play a major role in the state's travel industry. It is estimated that Californians actually account for more travel expenditures in the State than do out-of-state tourists: nearly $15 billion as opposed to almost $11 billion.

Travel Expenditures*

Expenditures cover a wide range of services from air transportation to builders of vacation homes:

	(In millions)
Air transportation	$6,550
Eating and drinking establishments	6,209
Gasoline service stations	3,479
Hotels/motels	2,785
Amusement/recreation services	1,626
General merchandise	1,530
Auto rental	1,378
Builders	718
Automotive dealers	527
Taxicabs	433
Transportation not shown separately	377
Camps/trailer parks	156
Intercity highway passenger transportation	107
Rail transportation	62

Although all of these amounts cannot be directly attributed to tourist spending, there are other expenditures which have been left off due to the lack of data.

Employment*

The industry provides employment opportunities ranging from unskilled to highly technical. Nearly half the jobs are in food service—251,900—with transportation companies employing 101,700 and lodging establishments 86,900. The remainder are in recreation, retail trade and travel arrangement activities.

* Travel expenditures and employment estimates should be used with caution. The definition of travel and tourism is very broad and may include amounts for routine activities. Even so, there is no denying the importance of the industry in the total California economy.

TABLE VII-2
TRAVEL-GENERATED EMPLOYMENT IN CALIFORNIA, 1983

	Employment	*Percent of Total*
Total	523,878	100.0
Food service	251,863	48.1
Lodging	86,864	16.5
Public transportation	73,594	14.0
Entertainment/recreation	42,265	8.1
Auto transportation	28,112	5.4
General retail trade	21,939	4.2
Travel arrangement	19,242	3.7

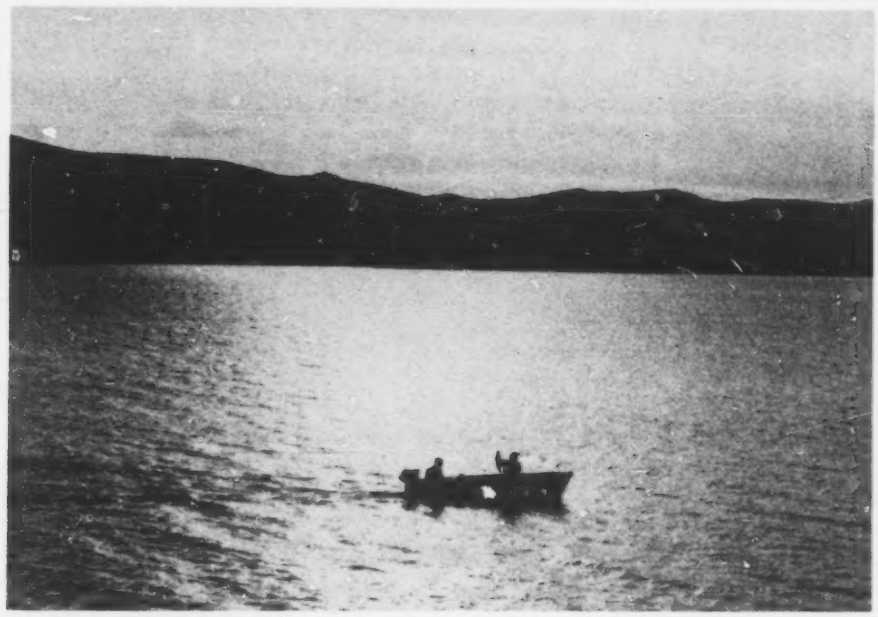
Recent Trends

The tourist industry has been on a moderate growth path for the past several years. Travel expenditures were up 26 percent in 1979 and 14 percent in 1980. The low point was reached during the recession in 1982, with an increase of only 3 percent. The 5.5 percent rise in 1983 reflected the turnaround in general confidence and rising levels of employment and income. Given the strong economic environment of 1984, the travel business is thought to have moved ahead strongly.

California Marketing Plan

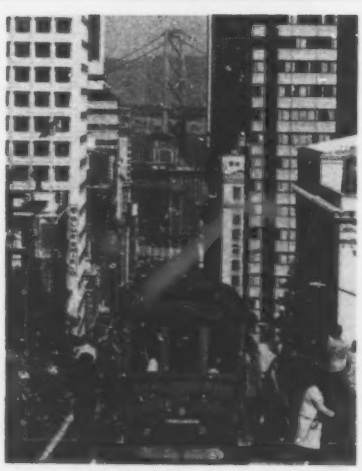
Impressive as these figures are, there is still an untapped potential for the industry. The State has not been attracting as many foreign visitors as hoped, due largely to the strength of the dollar and competition with other states. Californians are also increasingly travelling out of state.

California can not continue to rely on the traditional attractions to draw visitors. Significant growth in the industry can be realized through the



active promotion of both major and lesser-known attractions.

Toward this end, the California Office of Tourism has embarked on a tourism promotion designed to attract out-of-state visitors and to keep Californians at home. This will be California's first tourism campaign as compared to other states which developed programs several years ago. In 1982, New York state led the list for advertising with expenditures of $6.9 million. More recently, other states have entered the promotion field and are aggressively seeking to attract visitors with multi-million dollar campaigns.



The California effort will involve various aspects such as:

- media ads highlighting the California lifestyle and attractions
- a cooperative advertising and promotional program with the private sector
- exhibits for trade shows
- development of better information on the diverse attractions in the State and an improved method for disseminating the material.

The five-year plan is intended to increase awareness that California is a top travel destination because of its year-round good climate, scenic beauty, adventure possibilities and outdoor

recreation. It is expected that visitor trips to the State can be increased by 5 percent a year, with additional travel expenditures of some $236 million annually. This should lead to the creation of 4,300 new jobs a year.

Geographic Appeal. Currently, tourism is concentrated in the major metropolitan areas of California with nearly three-fourths of all visitor expenditures occurring in Los Angeles, San Francisco, San Mateo, San Diego and Orange counties. However, tourism is very important in many outlying regions as well. Tourist growth rates between 1982 and 1983 were highest in the rural counties of Alpine (+65%), Inyo (+35%), Sutter (+28%) and Napa (+27%). Dollar totals are held down though by the more limited availability of accommodations and other facilities.

The promotion of tourism in these less-frequently visited areas is a prime objective of the marketing plan. Many counties are dependent on resource industries so they lack an adequate economic base to provide employment opportunities for individuals entering the labor force for the first time or for those who have been laid off from other occupations. Tourist-related development offers a means of reducing a persistently high unemployment rate.

Marketing Plan Impact. It will be difficult to measure the ultimate impact of this program. A substantial rise in the number of inquiries would be one indication of effectiveness. More important, any significant increase in tourism could probably be attributed to the increased awareness of California which the promotion will seek to develop.

"It is expected that visitor trips to the State can be increased by 5 percent a year, with additional travel expenditures of some $236 million annually."

TABLE VII-3
TRAVEL-RELATED EXPENDITURES, PAYROLL AND EMPLOYMENT IN CALIFORNIA COUNTIES, 1983

	Total travel expenditures (Thousands)	*Percent change from 1982*	*Travel generated payroll (Thousands)*	*Percent change from 1982*	*Travel generated employment (Jobs)*	*Percent change from 1982*
Alameda	$776,344	5.6	$189,748	6.0	14,149	1.3
Alpine	18,042	65.6	3,720	68.9	452	67.4
Amador	20,859	13.9	3,871	13.2	423	12.8
Butte	49,364	0.2	9,848	0.2	1,078	−3.0
Calaveras	37,083	12.9	6,559	10.8	668	11.3
Colusa	6,584	17.8	1,326	18.8	158	17.0
Contra Costa	112,741	3.3	31,267	3.8	3,114	−0.0
Del Norte	23,309	−17.4	4,937	−16.3	602	−18.8
El Dorado	258,194	−5.6	53,625	−4.9	6,367	−7.7
Fresno	225,539	−3.9	51,022	−2.7	5,295	−7.1
Glenn	7,458	−10.9	1,503	−10.9	180	−13.8
Humboldt	100,285	−4.0	21,974	−2.6	2,377	−6.8
Imperial	57,663	−0.0	12,778	1.3	1,269	−3.4
Inyo	97,353	34.8	20,465	36.7	2,522	33.6
Kern	185,396	2.9	40,034	3.2	4,349	0.1
Kings	11,013	−16.3	2,492	−15.1	268	−19.7
Lake	50,853	−21.5	9,491	−24.8	1,015	−29.4
Lassen	10,924	−12.3	2,188	−12.6	260	−15.2
Los Angeles	8,140,249	8.2	2,014,985	10.0	148,843	5.2
Madera	25,911	−3.8	4,921	−5.4	554	−8.0

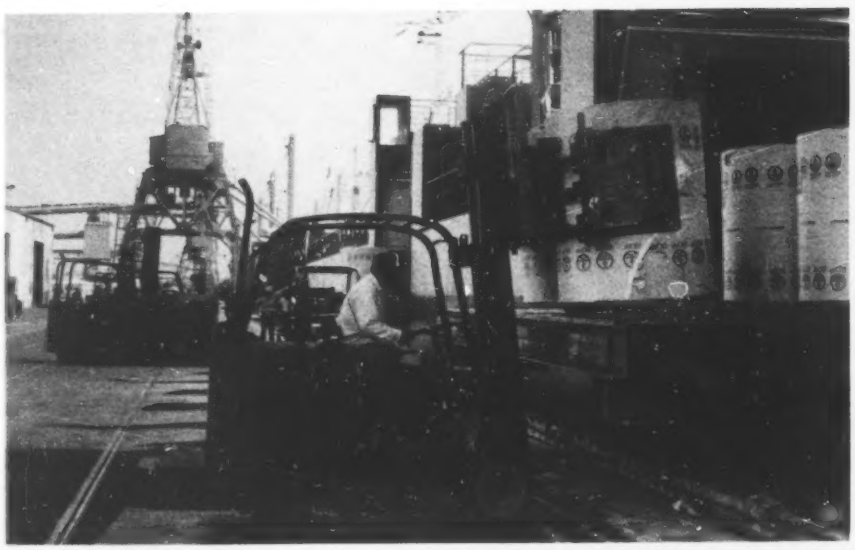
TABLE VII-3
TRAVEL-RELATED EXPENDITURES, PAYROLL AND EMPLOYMENT IN CALIFORNIA COUNTIES, 1983

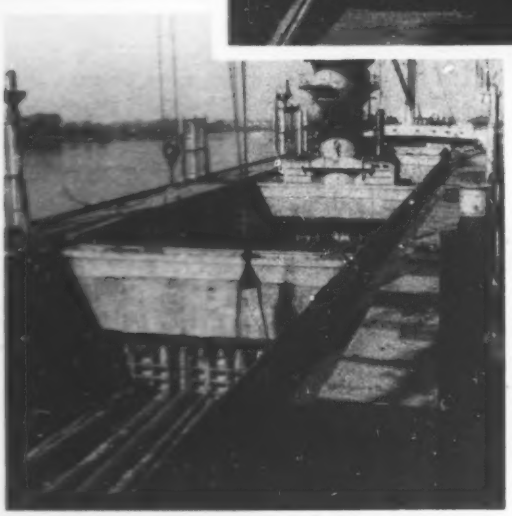
Marin	101,345	−1.6	24,191	−0.2	2,460	−4.8
Mariposa	73,591	23.3	15,199	24.8	1,850	22.4
Mendocino	82,409	−3.0	17,165	−2.4	2,037	−5.1
Merced	31,421	3.5	6,716	3.5	758	0.9
Modoc	3,837	−23.6	761	−24.4	90	−27.3
Mono	74,932	5.8	14,454	4.7	1,637	2.1
Monterey	643,488	7.8	137,686	9.3	16,574	6.4
Napa	85,007	27.3	18,381	27.6	2,180	25.6
Nevada	63,247	18.5	12,889	18.7	1,486	17.4
Orange	1,933,768	7.1	449,171	8.5	42,836	4.5
Placer	54,529	−8.0	11,638	−7.3	1,358	−10.3
Plumas	21,914	−2.4	4,117	−4.4	454	−7.1
Riverside	746,920	−0.5	152,630	−0.6	17,387	−3.4
Sacramento	379,902	4.2	87,891	5.3	9,022	1.7
San Benito	3,534	−17.1	641	−20.8	70	−24.6
San Bernardino	469,768	4.3	91,225	2.3	8,745	−0.5
San Diego	2,418,535	3.2	530,496	5.0	53,622	0.6
San Francisco	3,330,477	2.0	776,758	3.9	75,512	−0.6
San Joaquin	90,653	6.2	20,759	6.2	2,182	3.4
San Luis Obispo	258,600	2.2	54,639	3.1	6,182	0.1
San Mateo	2,785,795	8.4	709,472	10.8	33,310	3.7
Santa Barbara	351,711	2.4	78,177	3.8	8,855	0.5
Santa Clara	701,489	11.6	162,632	12.1	17,891	9.4
Santa Cruz	112,304	−2.6	23,514	−2.6	2,667	−5.5
Shasta	104,979	−1.1	22,708	−0.1	2,557	−3.3
Sierra	3,823	−13.0	645	−19.2	62	−24.3
Siskiyou	38,867	−18.4	8,110	−17.8	973	−20.5
Solano	84,759	5.6	20,983	7.0	1,579	1.3
Sonoma	169,372	4.9	38,671	5.0	4,033	1.8
Stanislaus	74,413	4.8	16,068	−4.1	1,857	−7.1
Sutter	11,819	28.5	2,657	26.9	301	25.9
Tehama	20,210	−8.1	3,943	−9.1	458	−11.8
Trinity	10,530	1.4	1,999	0.0	222	−2.1
Tulare	82,804	21.2	17,479	21.2	1,930	20.5
Tuolumne	49,085	3.4	8,702	−0.2	961	−2.3
Ventura	189,057	2.3	40,729	3.1	4,270	−0.4
Yolo	52,676	−7.3	12,107	−5.6	1,401	−8.9
Yuba	11,622	−20.3	2,264	−21.7	265	−24.6
California	$25,937,340	5.5	$6,084,891	7.1	523,878	2.2

Note: Details may not add to totals due to rounding.

Source: The Economic Impact of Travel in California, 1983 U.S. Travel Data Center and California Office of Tourism.

VIII. Foreign Trade





Photos courtesy of Port of Sacramento

"The importance of the Pacific Rim countries as trading partners cannot be overemphasized."

The sharp deterioration in the national foreign trade balance has been reflected in California. Overall, the value of exports moving through California customs districts reached an estimated $32.2 billion in 1984. Imports reached an all-time high of about $49.3 billion. The $81.5 billion in total trade was also a new record, surpassing the previous record of $61.7 billion set in 1983.

Prior to 1983, imports through the state's three customs districts were only moderately higher than exports. In 1983, the imbalance more than doubled, reaching $8.6 billion. In 1984 the gap doubled again, going to $17.1 billion.

Customs district trade data compiled by the U.S. Department of Commerce do not represent trade by state. The three California districts, for instance, serve as a gateway for many goods destined for, and originating from, interior states. Furthermore, California goods may enter or leave the U.S. through other customs districts. The experience of many international businesses is that 60 to 70 percent of California customs district trade is attributable to California. As a result, the deficit figures shown below are only general indicators of the net inflow of goods to the California economy.

CALIFORNIA CUSTOMS DISTRICTS
EXPORTS MINUS IMPORTS
(In millions)

1976	−$3,775
1977	−6,927
1978	−6,562
1979	−4,626
1980	−2,619
1981	−1,700
1982	−3,463
1983	−8,565
1984 *	−17,066

* Department of Finance estimate.

Exports and Imports

The imbalance between exports and imports in California is part of a nationwide problem. The relatively slower rate of economic recovery by foreign trading partners, the strength of the American dollar and restraints to trade have held back overseas demand for U.S. products while stimulating imports.

TABLE VIII-1
CALIFORNIA FOREIGN TRADE—
SELECTED YEARS
(In millions)

	Imports	*Exports*
1960	$1,250	$1,388
1965	1,916	1,519
1970	4,408	4,245
1975	11,715	10,340
1976	15,300	11,525
1977	19,113	12,186
1978	21,496	14,934
1979	24,929	20,303
1980	29,414	26,794
1981	31,690	29,990
1982	32,583	29,120
1983	37,944	29,379
1984 *	49,270	32,204

* U.S. Department of Commerce.

Source: U.S. Department of Commerce as obtained from the Security Pacific Bank International Trade Databank.

Information on commodity imports by country of origin and exports by destination for 1984 was not available at the time this report was being prepared. If trading patterns for 1983 are still valid, however, electrical machinery and equipment represents the largest share of imports. Electronic tubes, photocells, transistors and related items are the most traded products in this group. Transportation equipment—primarily motor vehicles—accounts for the second largest share of California imports. The remaining major import categories include apparel, petroleum and natural gas, opticals and scientific instruments.

Machinery and mechanical equipment comprise the largest share of California exports. One-quarter of this group represents automatic data processing and office equipment. Electrical machinery and equipment accounts for the second largest share of this State's exports, with electronic tubes, photocells, and transistors the primary products. The major remaining export categories include

transportation equipment—primarily aircraft—opticals and scientific instruments, and petroleum and natural gas.

TRADING PARTNERS

Over two-thirds of California customs district trade is with Asia. The importance of the Pacific Rim countries as trading partners cannot be overemphasized. The over $20 billion in trade with Japan alone is exceeded in importance only by the dominance of Japanese trade in selected commodity categories. During 1984, for example, Japan provided a large share of all electrical machinery and equipment imports and most of the mechanical and transportation equipment imports.

Most of the other important California trading partners are also in the Asian region and include Taiwan, South Korea, Hong Kong, Singapore and Malaysia. Europe is the second largest trading region, accounting for slightly over one-eighth of all trade. Most European trade is with the countries of West Germany, the United Kingdom, France and the Netherlands. The State's three largest trading partners among the remaining areas of the world are Canada, Australia and Mexico.

One area of interest at the present time is the impact which the removal of voluntary auto import quotas will have on California. California already receives the largest share of car imports from Japan. If Japanese exporters continue to show restraint, the auto retailing situation should be similar to that of the previous year. On the other hand, if import levels rise significantly there could be pressure on prices as domestic producers compete more aggressively with imports.

THE OUTLOOK FOR TRADE

The outlook for trade depends to a large extent on the comparative value of the U.S. dollar. Over the past year it has surged strongly, gaining more than 12 percent on a trade-weighted basis. This has led to potential problems for the nation. A strong dollar makes imports less expensive in many cases than domestically produced goods. To a considerable degree, therefore, the strong level of consumer spending is actually benefitting foreign producers more than is realized. Domestic producers in various industries have felt severe pressures from competition. If this intensifies further, leading to reduced output schedules and

FIGURE VIII-1
TRADE WEIGHTED VALUE, U.S. DOLLAR
1980 TO 1984

the concomitant layoffs, the current business expansion could come to a premature end.

The impact of a strong dollar has been reflected vividly in the electronics industry in California. Several firms have sharply reduced—or even suspended—operations in the State in favor of stepping-up overseas production. The apparel industry has seen the bulk of its business move out of the U.S. The plight of the steel industry is well documented. None of these problems can be effectively addressed until the dollar weakens and imports adjust to a level more in keeping with exports.

The somewhat fragile nature of the dollar's strength was demonstrated vividly after the failure of Home State Savings Bank in Ohio. The dollar fell sharply that day, although it subsequently recovered when the immediate problems of the industry were resolved.

There is no agreement among experts on the future path of the dollar. Many expect only a moderate rise from this point on. Some foresee a major decline over the next year. Until the dollar does weaken, the net export situation will continue to hold back growth in real output for both the nation and California.

Strength of the dollar is not the only problem facing exporters. California is especially affected by outright restrictions on agricultural exports to Asian markets. Livestock growers, for instance, have the capacity to ship significant quantities of beef to the Orient. This would achieve two objectives: helping to reduce the heavy inventory of beef in the State, and make less expensive beef available to Asian consumers. Regrettably, trade barriers have been erected which make this impossible.

Other crops have experienced similar problems. Agricultural exports benefit California directly. Resolution of the barrier problem would provide much-needed support for an industry already hard hit by other problems.

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TABLE 1

POPULATION OF THE UNITED STATES AND CALIFORNIA, 1960–84 *

Year (July 1)	United States [1]	California [2]	California as percent of United States	Percent change	
				United States	California
1960	179,975,000	15,863,000	8.8	1.6	3.8
1961	182,973,000	16,412,000	9.0	1.7	3.5
1962	185,738,000	16,951,000	9.1	1.5	3.3
1963	188,438,000	17,530,000	9.3	1.5	3.4
1964	191,085,000	18,026,000	9.4	1.4	2.8
1965	193,460,000	18,464,000	9.5	1.2	2.4
1966	195,501,000	18,831,000	9.6	1.1	2.0
1967	197,374,000	19,174,700	9.7	1.0	1.8
1968	199,312,000	19,432,000	9.7	1.0	1.3
1969	201,306,000	19,744,700	9.8	1.0	1.6
1970	203,984,000	20,039,000	9.8	1.3	1.5
1971	206,827,000	20,346,000	9.8	1.4	1.5
1972	209,284,000	20,585,000	9.8	1.2	1.2
1973	211,357,000	20,868,000	9.9	1.0	1.4
1974	213,342,000	21,173,000	9.9	0.9	1.5
1975	215,465,000	21,537,000	10.0	1.0	1.7
1976	217,563,000	21,935,000	10.1	1.0	1.8
1977	219,760,000	22,350,000	10.2	1.0	1.9
1978	222,095,000	22,839,000	10.3	1.1	2.2
1979	224,567,000	23,255,000	10.4	1.1	1.8
1980	227,236,000	23,771,000	10.5	1.2	2.2
1981	229,518,000	24,216,000	10.6	1.0	1.9
1982	231,786,000	24,698,000	10.7	1.0	2.0
1983	233,981,000	25,186,000	10.8	0.9	2.0
1984	236,108,000	25,622,000	10.9	0.9	1.7

* Includes members of the Armed Forces stationed in the area.

[1] Source: 1960–69 U.S. Bureau of the Census, Current Population Reports P-25 No. 640
1970–84 U.S. Bureau of Census Current Population Reports P-25

[2] Source: 1960–69 California Department of Finance
1970–84 U.S. Bureau of Census Current Population Reports P-25

TABLE 2

COMPONENTS OF CHANGE IN CALIFORNIA'S CIVILIAN POPULATION, 1960–84

Year (July 1)	Civilian population [1]	Net change	Net migration [2]	Natural increase [3]	Gains from military
1960	15,550,000	586,000	351,000	231,000	+4,000
1961	16,108,000	558,000	308,000	244,000	+6,000
1962	16,634,000	526,000	306,000	240,000	−20,000
1963	17,197,000	563,000	320,000	234,000	+9,000
1964	17,706,000	509,000	308,000	230,000	−29,000
1965	18,143,000	437,000	232,000	217,000	−12,000
1966	18,459,000	316,000	179,000	185,000	−48,000
1967	18,796,000	337,000	198,000	184,000	−45,000
1968	19,046,000	250,000	102,000	176,000	−28,000
1969	19,354,000	308,000	118,000	185,000	+5,000
1970	19,663,000	309,000	96,000	193,000	+20,000
1971	20,002,000	339,000	128,000	184,000	+27,000
1972	20,264,000	262,000	98,000	144,000	+20,000
1973	20,557,000	293,000	161,000	130,000	+2,000
1974	20,873,000	316,000	182,000	131,000	+3,000
1975	21,248,000	375,000	228,000	145,000	+2,000
1976	21,652,000	404,000	248,000	153,000	+3,000
1977	22,073,000	421,000	247,000	174,000	—
1978	22,569,000	496,000	319,000	177,000	—
1979	22,988,000	419,000	228,000	191,000	—
1980	23,500,000	512,000	302,000	210,000	—
1981	23,942,000	442,000	215,000	227,000	—
1982	24,410,000	468,000	229,000	239,000	—
1983	24,899,000	489,000	247,000	242,000	—
1984	25,324,000	425,000	178,000	247,000	—

[1] Source: U.S. Bureau of Census.
[2] May be biased upwards by approximately 66,000 persons per year 1970–1980 due to improved census techniques.
[3] Source: California Department of Finance, Population Research Unit.

TABLE 3

TOTAL POPULATION OF CALIFORNIA COUNTIES, JANUARY 1, 1984

County	Total Population 1-1-84	County	Total Population 1-1-84
Alameda	1,172,300	Placer	130,600
Alpine	1,170	Plumas	18,350
Amador	21,550	Riverside	757,500
Butte	157,100	Sacramento	858,500
Calaveras	24,850	San Benito	28,500
Colusa	14,200	San Bernardino	1,014,500
Contra Costa	693,700	San Diego	2,040,900
Del Norte	18,550	San Francisco	706,900
El Dorado	97,500	San Joaquin	390,600
Fresno	558,600	San Luis Obispo	175,700
Glenn	22,650	San Mateo	603,600
Humboldt	111,300	Santa Barbara	320,400
Imperial	101,700	Santa Clara	1,365,100
Inyo	18,300	Santa Cruz	203,100
Kern	455,000	Shasta	124,700
Kings	80,700	Sierra	3,320
Lake	44,000	Siskiyou	41,600
Lassen	23,850	Solano	263,000
Los Angeles	7,866,900	Sonoma	323,100
Madera	72,400	Stanislaus	292,300
Marin	224,900	Sutter	56,600
Mariposa	12,600	Tehama	42,700
Mendocino	71,000	Trinity	13,100
Merced	149,900	Tulare	269,300
Modoc	9,600	Tuolumne	37,750
Mono	9,325	Ventura	579,900
Monterey	316,200	Yolo	119,600
Napa	101,700	Yuba	52,200
Nevada	63,700		
Orange	2,066,500	Sum of Counties *	25,415,000

* Total may not equal sum due to independent rounding.
Note: Revisions for prior years available on request.
Source: California Department of Finance, Population Research Unit.

TABLE 4

CIVILIAN LABOR FORCE, CALIFORNIA, 1967–84

(In thousands)

Year and month	Labor force [a]	Employed [b]	Unemployed [c]	Percent unemployed
1967	7,679	7,242	437	5.7
1968	7,792	7,369	423	5.4
1969	7,919	7,508	411	5.2
1970	8,167	7,575	592	7.3
1971	8,407	7,669	739	8.8
1972	8,653	7,996	656	7.6
1973	8,910	8,286	624	7.0
1974	9,317	8,638	679	7.3
1975	9,539	8,598	941	9.9
1976	9,896	8,990	906	9.2
1977	10,367	9,513	853	8.2
1978	10,911	10,137	775	7.1
1979	11,268	10,566	702	6.2
1980	11,584	10,794	790	6.8
1981	11,812	10,938	875	7.4
1982	12,178	10,967	1,210	9.9
1983	12,269	11,084	1,185	9.7
1984	12,503	11,532	972	7.8
Adjusted for seasonal variation				
1983 January	12,248	10,906	1,342	11.0
February	12,258	10,898	1,360	11.1
March	12,220	10,936	1,284	10.5
April	12,153	10,949	1,204	9.9
May	12,271	10,990	1,281	10.4
June	12,359	11,079	1,280	10.4
July	12,208	11,104	1,104	9.0
August	12,296	11,108	1,188	9.7
September	12,334	11,237	1,097	8.9
October	12,240	11,191	1,049	8.6
November	12,327	11,289	1,038	8.4
December	12,311	11,304	1,007	8.2
1984 January	12,327	11,295	1,032	8.4
February	12,316	11,331	985	8.0
March	12,386	11,372	1,014	8.2
April	12,396	11,434	962	7.8
May	12,422	11,460	962	7.7
June	12,572	11,605	967	7.7
July	12,536	11,546	990	7.9
August	12,585	11,621	964	7.7
September	12,614	11,592	1,022	8.1
October	12,623	11,680	943	7.5
November	12,609	11,686	923	7.3
December	12,635	11,734	901	7.1

[a] Detail may not add to total because of rounding.

[b] Includes wage and salary workers, employers, own-account workers, and unpaid family workers. Excludes workers directly involved in work stoppages who receive no pay for the payroll period which includes 12th of the month.

[c] Excludes the potential or latent supply of workers not active in the labor market and workers directly involved in work stoppages.

Source: California Employment Development Department.

TABLE 5

WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS BY MAJOR INDUSTRY DIVISION, CALIFORNIA, 1972–84 °

(In thousands)

Year and month	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
1972	7,209.9	29.2	312.4	1,536.0	454.1	1,608.6	409.3	1,367.7	1,492.6
1973	7,621.9	30.5	333.4	1,653.5	467.0	1,703.2	431.6	1,477.8	1,524.8
1974	7,834.3	32.7	317.8	1,694.1	470.7	1,751.9	444.8	1,536.3	1,585.9
1975	7,847.2	33.9	285.9	1,586.9	458.1	1,786.3	446.4	1,579.1	1,670.6
1976	8,154.2	34.7	301.3	1,650.9	463.9	1,875.6	468.7	1,663.5	1,695.6
1977	8,599.7	35.6	350.4	1,728.3	476.5	1,982.4	505.4	1,780.4	1,740.7
1978	9,199.8	37.1	401.9	1,875.2	506.4	2,126.0	553.2	1,946.9	1,753.1
1979	9,664.6	39.3	448.7	2,002.7	534.7	2,223.8	595.9	2,084.5	1,735.0
1980	9,848.8	43.5	428.3	2,007.8	546.3	2,266.8	623.1	2,169.1	1,763.9
1981	9,985.2	49.2	407.5	2,022.7	554.8	2,301.5	642.9	2,250.2	1,756.4
1982	9,810.3	50.4	349.0	1,945.4	542.8	2,275.2	642.4	2,269.9	1,735.1
1983	9,965.9	48.1	369.3	1,936.5	536.9	2,343.9	661.7	2,345.1	1,724.3
1984	10,575.6	50.0	445.2	2,054.7	554.4	2,512.6	692.6	2,536.5	1,729.8

° Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.
Data from interim series on employment prepared by EDD.
Source: California Employment Development Department.

TABLE 6

WAGE AND SALARY WORKERS * IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1983 AND 1984

(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Anaheim-Santa Ana									
1983	874.5	3.8	34.5	212.5	29.8	218.6	64.2	207.5	103.5
1984	953.0	4.2	45.0	231.9	31.4	237.6	70.1	228.3	104.5
Bakersfield									
1983	140.6	14.4	7.1	9.9	7.8	36.2	5.6	26.4	33.3
1984	148.0	15.2	8.0	10.5	7.6	38.8	5.7	27.9	34.2
Fresno									
1983	176.1	1.0	9.1	20.5	9.9	45.8	12.0	37.9	39.8
1984	186.0	1.2	10.6	21.3	10.0	47.9	12.8	41.5	40.7
Los Angeles-Long Beach									
1983	3,558.0	12.8	96.8	855.3	195.1	812.6	238.3	882.3	464.9
1984	3,734.7	12.4	110.2	896.4	197.8	865.3	250.5	938.1	463.9
Modesto									
1983	85.6	.1	4.5	18.9	4.1	21.7	3.7	17.4	15.3
1984	89.2	.1	5.1	19.7	4.5	22.7	3.9	18.3	15.0
Oakland									
1983	692.1	1.8	35.4	98.7	43.4	172.8	40.3	148.9	150.9
1984	733.6	1.9	41.0	103.1	45.4	185.3	43.2	161.7	152.0
Oxnard-Ventura									
1983	165.4	3.3	6.2	25.5	6.8	41.3	10.6	34.0	37.7
1984	175.3	3.3	8.2	26.6	7.1	44.3	11.0	36.7	38.2
Riverside-San Bernardino									
1983	442.7	1.2	23.1	57.3	25.6	114.0	19.8	99.7	102.0
1984	479.1	1.3	32.4	60.2	27.7	123.6	20.9	108.2	104.7
Sacramento									
1983	436.4	.8	18.0	29.3	22.5	105.4	24.8	86.8	148.8
1984	465.3	.8	23.2	32.8	23.3	113.9	26.4	94.0	150.9
Salinas-Seaside-Monterey									
1983	90.5	.3	3.1	8.4	4.4	24.8	4.6	20.7	24.2
1984	94.6	.3	3.4	8.5	4.6	26.1	4.8	22.4	24.6
San Diego									
1983	677.5	.5	31.6	106.9	29.8	159.8	45.8	163.5	139.5
1984	733.1	.6	41.7	115.1	30.5	174.0	48.6	181.1	141.6
San Francisco									
1983	872.4	2.8	28.1	85.7	82.1	192.3	111.7	238.2	131.6
1984	903.8	2.5	29.9	86.4	85.5	201.8	111.9	253.1	132.7

TABLE 6—Continued

WAGE AND SALARY WORKERS * IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1983 AND 1984

(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
San Jose									
1983	719.8	.2	24.2	262.8	21.3	133.5	29.6	171.1	77.3
1984	779.4	.2	30.0	286.5	21.9	144.0	30.9	187.8	78.1
Santa Barbara-Santa Maria-Lompoc									
1983	125.7	1.6	4.6	21.6	5.2	30.0	6.3	32.0	24.4
1984	134.6	1.5	6.1	24.2	5.5	31.1	7.0	34.6	24.7
Santa Rosa-Petaluma									
1983	98.1	.6	4.9	15.7	4.9	24.6	6.5	21.0	19.8
1984	107.3	.7	6.7	17.7	5.1	27.4	7.2	22.7	20.0
Stockton									
1983	118.2	.1	5.6	19.3	7.8	27.7	6.2	24.5	27.0
1984	125.5	.1	6.6	21.3	8.0	29.5	6.8	25.8	27.5
Vallejo-Fairfield-Napa									
1983	103.1	.4	4.9	10.2	4.2	23.2	3.7	21.3	35.3
1984	108.6	.4	5.9	10.3	4.3	25.9	3.9	22.9	35.0

* Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Area definitions:

Anaheim-Santa Ana—Orange County.
Bakersfield—Kern County.
Fresno—Fresno County.
Los Angeles-Long Beach—Los Angeles County.
Modesto—Stanislaus County.
Oakland—Alameda and Contra Costa Counties.
Oxnard-Ventura—Ventura County.
Riverside-San Bernardino—Riverside and San Bernardino Counties.
Sacramento—El Dorado, Placer, Sacramento, and Yolo Counties.
Salinas-Seaside-Monterey—Monterey County.
San Diego—San Diego County.
San Francisco—Marin, San Francisco, and San Mateo Counties.
San Jose—Santa Clara County.
Santa Barbara-Santa Maria-Lompoc—Santa Barbara County.
Santa Rosa-Petaluma—Sonoma County.
Stockton—San Joaquin County.
Vallejo-Fairfield-Napa—Napa and Solano Counties.

Source: California Employment Development Department.

TABLE 7

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1979–84

(In thousands)

Industry	1979	1980	1981	1982	1983	1984
Total	2,002.7	2,007.8	2,022.7	1,945.4	1,936.5	2,047.0
Nondurable goods	643.0	637.9	647.2	626.8	621.0	643.5
Durable goods	1,359.7	1,369.8	1,375.5	1,318.6	1,315.6	1,403.5
Nondurable goods						
Food and kindred products	186.4	186.6	186.8	182.5	173.4	175.0
Canned, cured, frozen sea foods	10.1	10.4	10.3	9.1	8.9	6.8
Meat products	20.1	20.2	18.9	18.6	16.7	18.4
Dairy products	13.5	13.9	14.7	14.0	13.5	13.2
Canned and preserved fruits and vegetables	58.3	56.9	56.1	55.4	52.0	54.0
Grain mill products	8.5	8.5	8.4	8.3	8.3	8.1
Bakery products	18.8	19.0	19.0	19.2	19.0	18.7
Beverages	23.8	24.8	25.9	26.0	25.4	25.1
Other food and kindred products	33.3	32.9	33.7	31.8	29.7	30.8
Textile mill products	16.0	14.4	13.7	12.4	13.0	14.1
Knitting mills	2.9	2.7	2.5	2.5	2.7	3.3
Floor covering mills	6.3	5.4	5.0	4.0	3.8	4.0
Other textile mill products	6.8	6.3	6.2	5.9	6.4	6.8
Apparel and other textile products	110.6	106.5	107.7	102.4	103.6	109.0
Men's and boys' furnishings	14.5	13.4	13.1	11.9	12.0	12.0
Women's and misses' outerwear	66.7	63.6	64.4	62.6	63.1	66.9
Women's and children's undergarments	4.2	4.4	4.5	4.1	4.4	4.3
Children's outerwear	1.4	1.6	1.8	2.0	2.1	2.5
Other apparel and textile products	23.8	23.6	24.0	21.8	21.9	23.3
Paper and allied products	39.1	38.9	38.5	37.3	37.0	38.6
Miscellaneous converted paper products	14.8	14.9	14.7	15.2	15.2	15.8
Paperboard containers and boxes	17.4	17.3	16.9	15.8	15.5	16.5
Other paper and allied products	7.0	6.7	6.9	6.3	6.3	6.3
Printing and publishing	118.9	123.2	125.1	124.5	128.3	136.7
Newspapers	41.6	42.8	43.2	42.5	43.2	46.1
Commercial printing	47.4	49.3	48.9	48.4	50.7	53.1
Other printing and publishing	29.9	31.2	33.0	33.6	34.5	37.5
Chemicals and allied products	64.4	65.2	67.1	64.5	62.4	64.2
Industrial inorganic chemicals	7.1	7.3	7.6	7.5	7.1	7.5
Plastics materials and synthetics	4.2	3.6	3.5	3.4	3.3	3.3
Drugs	15.7	16.9	18.2	18.2	18.1	18.6
Soaps, cleaners, toilet goods	13.4	13.9	14.5	13.3	12.1	12.2
Paints and allied products	8.3	7.4	7.4	6.7	6.7	7.2
Agricultural chemicals	5.2	5.4	5.3	4.6	4.1	4.0
Other chemicals and allied products	10.4	10.7	10.8	10.9	10.9	11.5
Petroleum and coal products	27.5	27.7	31.0	31.7	31.0	30.0
Petroleum refining	24.2	24.1	27.4	28.2	27.5	26.6
Other petroleum and coal products	3.3	3.6	3.6	3.5	3.6	3.5
Rubber and plastics products	68.0	64.7	65.1	61.2	62.8	67.5
Tires and inner tubes	4.8	2.6	1.5	1.4	1.3	1.3
Footwear and fabricated products	10.6	10.0	10.3	9.7	10.0	10.5
Miscellaneous plastics products	51.5	51.0	52.3	49.1	50.5	54.9
Other rubber and plastics products	1.1	1.2	1.1	1.0	0.9	0.8
Leather and leather products	12.3	10.9	12.0	10.5	9.5	8.5

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1979–84

(In thousands)

Industry	1979	1980	1981	1982	1983	1984
Durable goods						
Lumber and wood products excluding furniture	68.7	61.1	57.1	46.3	50.6	54.8
Logging camps, sawmills, planing mills	27.2	24.2	21.8	18.1	19.7	20.2
Millwork, plywood, structural members	18.0	16.3	15.2	12.6	14.3	16.2
Wooden containers	4.7	4.6	4.2	3.8	3.7	4.0
Other lumber and wood products	18.7	16.0	15.9	11.9	12.9	14.4
Furniture and fixtures	56.9	54.0	55.0	49.0	51.6	59.1
Household furniture	37.0	33.8	33.6	29.3	31.1	34.5
Partitions and fixtures	6.8	6.9	6.9	6.3	6.8	8.7
Other furniture and fixtures	13.1	13.3	14.5	13.4	13.8	15.9
Stone, clay, and glass products	60.0	57.4	56.7	50.4	48.7	51.1
Glass and glass products	18.0	17.7	17.6	16.3	15.8	15.8
Hydraulic cement	3.6	3.7	3.7	3.7	3.3	3.1
Structural clay products	3.8	3.3	3.2	2.5	2.4	2.2
Pottery and related products	6.4	6.1	6.0	4.7	4.5	4.6
Concrete, gypsum, plaster products	17.3	16.5	16.1	14.0	14.2	16.2
Other stone, clay, and glass products	10.8	10.2	10.1	9.3	8.4	9.1
Primary metal industries	60.5	57.3	54.9	47.6	43.5	42.0
Blast furnace and basic steel products	21.2	17.7	16.1	12.3	9.9	6.8
Iron and steel foundries	9.1	8.8	8.9	8.0	6.5	6.6
Nonferrous rolling and drawing	15.5	15.8	14.6	13.0	13.4	14.0
Nonferrous foundries	10.4	10.4	10.5	9.7	9.7	10.5
Other primary metals	4.4	4.7	4.7	4.5	4.0	4.2
Fabricated metal products	158.7	155.0	152.1	137.6	136.3	143.9
Can and shipping containers	11.0	10.5	9.8	9.1	8.9	8.3
Cutlery, hand tools, hardware	18.6	16.7	15.7	14.5	14.1	15.4
Plumbing and heating excluding electric	8.2	7.6	7.4	6.7	6.7	7.4
Fabricated structural products	52.4	50.8	50.2	45.3	44.5	46.1
Screw machine products, bolts, etc.	13.6	15.5	15.0	12.1	11.4	12.7
Forgings and stampings	14.6	14.3	14.2	13.5	14.2	15.6
Metal services	20.2	19.9	20.0	18.3	18.9	19.8
Other fabricated metal products	19.9	19.8	19.7	18.1	17.6	18.6
Machinery excluding electrical	226.8	236.0	234.5	227.6	223.4	237.4
Farm and garden	5.4	5.5	5.7	5.0	4.7	4.7
Construction and related	21.4	21.7	23.3	20.8	14.1	14.6
Metalworking	20.6	20.0	18.9	16.8	16.3	17.6
Special industry	12.2	13.1	13.4	13.0	12.6	13.9
General industry	20.6	21.6	20.8	19.5	18.3	19.7
Office, computing, accounting	92.2	97.9	98.4	103.9	109.9	115.9
Refrigeration and service industry	7.6	7.7	8.0	8.3	8.4	8.6
Other machinery excluding electrical	46.8	48.4	45.9	40.4	39.2	42.3
Electrical equipment and supplies	316.8	334.8	346.5	351.2	358.4	395.5
Electrical distribution equipment	9.2	9.6	9.3	8.5	8.0	9.6
Industrial apparatus	14.2	14.8	14.3	13.2	12.1	13.8
Household appliances	5.7	5.6	6.2	4.7	4.5	4.2
Lighting and wiring equipment	23.5	23.3	22.3	20.2	19.7	21.1
Radio and TV receiving equipment	18.0	17.6	17.3	14.9	13.5	14.1
Communication equipment	123.5	131.2	141.6	150.5	152.0	159.1
Electronic components and accessories	114.6	124.2	126.1	131.0	139.8	164.1
Miscellaneous electrical equipment and supplies	8.0	8.5	9.5	8.3	8.9	9.6

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1979–84

(In thousands)

Industry	1979	1980	1981	1982	1983	1984
Transportation and equipment	277.2	274.7	274.7	263.3	258.8	274.1
Motor vehicles and equipment	49.6	34.6	35.0	30.6	30.3	33.4
Aircraft and parts	140.4	151.0	147.9	137.3	133.3	140.5
Ship and boat building and repairing	23.1	23.0	22.9	22.4	18.7	18.4
Guided missiles, space vehicles and parts	50.9	55.3	59.4	63.3	66.1	70.6
Other transportation equipment	13.5	10.8	9.5	9.6	10.4	11.2
Instruments and related products	92.2	99.9	102.6	102.4	103.7	107.4
Measuring and controlling	41.9	46.0	48.2	47.6	47.5	50.2
Other instruments and related products	50.2	54.0	54.4	54.8	56.2	57.1
Miscellaneous manufacturing	42.1	39.6	41.5	43.2	40.6	38.3
Toys and sporting goods	15.8	16.1	18.0	21.0	18.3	15.7
Other miscellaneous manufacturing	26.3	23.5	23.6	22.2	22.3	22.6

Source: California Employment Development Department.
(Official U.S. Bureau of Labor Statistics series. The text portion of the report and Appendix Table 5 use the interim series prepared by EDD.)

Table 8

AEROSPACE EMPLOYMENT IN CALIFORNIA, 1960–84

(In thousands)

Year and Month *	Total Aerospace	Office Computing and Accounting Machines	Radio and TV Receiving Equipment	Communi-cation Equipment	Electronic Components and Accessories	Aircraft and Parts	Guided Missiles and Space Vehicles	Measuring and Controlling Instruments
1960	422.5	23.3	9.9	92.2	29.1	181.4	68.4	18.2
1961	425.8	23.6	10.6	98.8	31.2	166.0	76.2	19.5
1962	457.6	25.4	12.0	112.0	35.4	161.0	89.6	22.1
1963	458.3	25.6	11.9	110.4	34.8	160.1	93.7	21.8
1964	433.5	26.9	11.0	98.1	32.4	153.6	90.8	20.8
1965	434.3	30.2	10.8	95.7	34.9	155.3	86.0	21.4
1966	495.0	33.8	13.7	103.3	47.7	181.3	92.1	23.1
1967	542.4	38.8	15.0	117.6	52.0	198.6	97.4	23.0
1968	544.3	42.7	15.5	117.0	52.4	195.4	96.9	24.6
1969	528.3	53.4	16.7	114.4	57.7	178.3	82.6	25.3
1970	466.3	58.3	15.1	102.9	53.0	148.3	64.5	24.3
1971	409.6	52.3	14.2	91.1	45.9	130.3	52.9	23.0
1972	420.9	52.1	15.0	90.6	52.0	135.4	50.7	25.1
1973	455.8	61.4	15.5	95.3	68.9	135.6	48.6	30.5
1974	478.9	69.7	15.8	97.6	78.5	134.9	49.7	32.7
1975	444.1	63.3	14.9	98.7	65.7	121.3	50.0	30.2
1976	441.3	62.3	16.1	99.5	74.8	108.5	47.6	32.5
1977	456.3	67.0	16.6	102.1	82.3	109.4	45.4	33.5
1978	510.0	80.1	17.8	113.2	97.3	117.5	46.7	37.4
1979	581.5	92.2	18.0	123.5	114.6	140.4	50.9	41.9
1980	623.0	97.9	17.6	131.2	124.2	151.0	55.3	46.0
1981	638.8	98.4	17.3	141.6	126.1	147.9	59.4	48.2
1982	648.5	103.9	14.9	150.5	131.0	137.3	63.3	47.6
1983	662.1	109.9	13.5	152.0	139.8	133.3	66.1	47.5
1984	714.5	115.9	14.1	159.1	164.1	140.5	70.6	50.2
1984 January	684.3	114.6	13.3	154.2	153.2	133.2	67.6	48.2
February	693.9	114.3	13.6	155.1	155.8	138.0	68.4	48.7
March	698.0	114.7	13.5	155.6	158.7	137.4	68.9	49.2
April	703.0	115.4	13.7	155.8	161.2	138.5	69.2	49.2
May	706.8	115.5	14.0	156.7	162.5	139.3	69.3	49.5
June	715.1	116.7	14.2	158.4	165.1	140.4	70.0	50.3
July	719.4	117.6	14.2	160.1	167.4	141.4	67.7	51.0
August	727.5	117.4	14.4	160.9	168.6	142.2	72.7	51.3
September	726.2	116.0	14.4	161.2	168.6	142.3	72.6	51.1
October	728.3	115.5	14.3	162.2	168.8	143.4	73.0	51.1
November	732.5	115.7	14.5	163.8	169.0	144.5	73.4	51.6
December	738.3	117.3	14.6	165.4	169.7	145.8	73.8	51.7

* Data from 1960 through 1971 calculated using aerospace categories as defined by 1972 SIC codes. Data from 1972 through 1980 represent the official benchmarked aerospace series based upon the 1972 SIC codes.

Source: California Employment Development Department.

TABLE 9

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, PRODUCTION AND RELATED WORKERS IN MANUFACTURING, CALIFORNIA AND UNITED STATES, 1960–84 *

Year	California			United States		
	Average weekly earnings	Average hourly earnings	Average hours per week	Average weekly earnings	Average hourly earnings	Average hours per week
1960	$104.28	$2.62	39.8	$89.72	$2.26	39.7
1961	108.53	2.72	39.9	92.34	2.32	39.8
1962	112.44	2.79	40.3	96.15	2.38	40.4
1963	115.78	2.88	40.2	99.22	2.45	40.5
1964	119.29	2.96	40.3	102.97	2.53	40.7
1965	123.83	3.05	40.6	107.53	2.61	41.2
1966	128.93	3.16	40.8	112.34	2.72	41.3
1967	132.92	3.29	40.4	114.49	2.82	40.6
1968	138.63	3.44	40.3	122.51	3.01	40.7
1969	145.89	3.62	40.3	129.51	3.19	40.6
1970	150.48	3.80	39.6	133.33	3.35	39.8
1971	158.79	4.02	39.5	142.44	3.57	39.9
1972	170.43	4.25	40.1	154.71	3.82	40.5
1973	178.93	4.44	40.3	166.46	4.09	40.7
1974	188.97	4.76	39.7	177.20	4.43	40.0
1975	205.67	5.22	39.4	190.30	4.83	39.4
1976	221.92	5.59	39.7	208.80	5.22	40.0
1977	240.60	6.00	40.1	228.50	5.67	40.3
1978	257.84	6.43	40.1	249.27	6.17	40.4
1979	280.50	7.03	39.9	269.54	6.70	40.2
1980	304.15	7.70	39.5	288.62	7.27	39.7
1981	338.98	8.56	39.6	318.00	7.99	39.8
1982	362.21	9.24	39.2	330.65	8.50	38.9
1983	380.80	9.52	40.0	354.48	8.84	40.1
1984	393.73	9.77	40.3	373.22	9.17	40.7

* Averages are based upon data for full-time and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Overtime pay and premium wages for late-shift work are included.

Source: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 10

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, IN SELECTED NONMANUFACTURING INDUSTRIES, CALIFORNIA, 1984 [a]

Industry	Average weekly earnings	Average hourly earnings	Average hours per week
Mineral extraction			
Oil and gas extraction	$546.48	$13.80	39.6
Nonmetallic minerals, except fuels	617.05	14.35	43.0
Contract construction			
General building contractors	639.52	18.43	34.7
Heavy construction contractors, except building	671.09	18.04	37.2
Special trade contractors			
Plumbing, heating, air conditioning	720.07	20.17	35.7
Painting, paper hanging, decorating	611.52	19.11	32.0
Electrical work	825.25	21.89	37.7
Masonry, stonework, and plastering	602.12	18.47	32.6
Transportation and utilities			
Electric, gas, and sanitary services	635.23	15.27	41.6
Trade			
Wholesale	412.73	10.61	38.9
Retail (excluding eating/drinking)	287.10	9.00	31.9
Services			
Motion picture production	739.75	19.57	37.8

[a] Averages are based upon data for full-time and part-time production and related workers in mineral extraction, construction workers in construction, and nonsupervisory employees and working supervisors in other industries. Overtime hours and pay and premium wages for late-shift work are included.

Source: California Employment Development Department.

TABLE 11

PERSONAL INCOME IN CALIFORNIA, TOTAL AND PER CAPITA, 1960–84

Year	Total			Per capita [a]		
	Amount (In millions)	Percent change	Percent of U.S.	Amount	Percent change	Percent of U.S. average
1960	$43,303	–	10.9	$2,729	–	123.1
1961	45,676	5.5	11.0	2,769	1.5	122.3
1962	49,122	7.5	11.2	2,877	3.9	121.4
1963	52,468	6.8	11.3	2,970	3.2	121.0
1964	56,772	8.2	11.5	3,128	5.3	120.7
1965	60,744	6.9	11.3	3,266	4.4	117.8
1966	65,882	8.5	11.3	3,494	7.0	117.2
1967	70,735	7.4	11.3	3,689	5.6	116.7
1968	77,330	9.5	11.3	3,987	8.1	116.2
1969	84,402	9.3	11.3	4,282	7.4	115.3
1970	90,295	7.0	11.2	4,510	5.3	114.3
1971	95,653	5.9	11.1	4,701	4.2	112.8
1972	104,191	8.9	11.0	5,062	7.7	112.1
1973	114,690	10.1	10.8	5,496	8.6	109.7
1974	128,142	11.7	11.0	6,052	10.1	111.1
1975	141,046	10.1	11.2	6,549	8.2	112.1
1976	156,940	11.3	11.3	7,155	9.3	112.4
1977	175,737	12.0	11.5	7,863	9.9	112.6
1978	202,295	15.1	11.7	8,857	12.6	114.0
1979	231,433	14.4	11.9	9,952	12.4	115.0
1980	261,964	13.2	12.1	11,021	10.7	116.1
1981	293,191	11.9	12.1	12,105	9.8	114.8
1982	311,607	6.3	12.1	12,617	4.2	113.5
1983	333,741	7.1	12.2	13,257	5.1	113.5
1984 [b]	371,063	11.2	12.4	14,482	9.2	113.9

[a] Per capita figures derived using population estimates of the California Department of Finance.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 12

PERSONAL INCOME BY MAJOR SOURCES, CALIFORNIA, 1960–84

(In millions)

Year	Total Personal Income [a]	Wages and salaries	Other labor income	Proprietors		Property income	Transfer payments	Less: Contributions for social insurance	Residence adjustment
				Farm	Other				
1960	$43,303	$29,048	$1,101	$899	$4,168	$6,195	$3,072	$1,085	−$95
1961	45,676	30,619	1,196	814	4,343	6,429	3,529	1,171	−84
1962	49,122	33,063	1,342	914	4,524	6,910	3,728	1,276	−82
1963	52,468	35,434	1,514	859	4,652	7,474	4,085	1,478	−72
1964	56,772	37,991	1,734	1,007	5,054	8,229	4,420	1,591	−72
1965	60,704	40,444	1,918	919	5,276	9,005	4,872	1,711	−19
1966	65,882	44,551	2,126	994	5,476	9,639	5,343	2,227	−20
1967	70,735	47,752	2,281	921	5,704	10,254	6,363	2,525	−18
1968	77,330	52,355	2,654	1,059	6,160	10,759	7,154	2,791	−20
1969	84,402	57,373	3,018	966	6,356	11,789	8,083	3,158	−26
1970	90,295	60,708	3,361	885	6,229	12,710	9,782	3,355	−24
1971	95,653	63,411	3,685	1,018	6,394	13,394	11,348	3,574	−22
1972	104,191	69,242	4,348	1,270	6,904	14,300	12,238	4,180	−22
1973	114,690	75,935	4,945	2,042	7,291	15,968	13,677	5,146	−21
1974	128,142	83,428	5,695	2,352	7,416	18,493	16,160	5,395	−8
1975	141,046	89,761	6,698	1,888	8,022	20,149	20,198	5,744	75
1976	156,940	99,259	7,963	1,919	9,521	22,312	22,409	6,571	127
1977	175,737	111,461	9,711	1,450	10,598	25,890	23,978	7,381	30
1978	202,295	127,421	11,347	1,919	12,002	32,169	25,881	8,464	20
1979	231,433	145,099	12,900	2,472	12,867	39,375	28,629	9,942	33
1980	261,964	162,908	14,632	2,719	12,290	46,242	33,598	10,462	37
1981	293,191	180,637	16,196	2,748	10,803	56,903	38,630	12,788	61
1982	311,607	191,316	18,290	2,031	9,185	61,772	42,814	13,884	84
1983	333,741	204,977	20,547	1,824	11,175	64,252	46,082	15,226	110
1984 [b]	371,063	227,835	23,274	2,539	13,650	72,984	47,885	17,234	130

[a] Detail may not add to total because of rounding.

[b] Estimated.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 13

DISPOSABLE PERSONAL INCOME, CALIFORNIA, 1960–83

	Disposable Personal Income		Per Capita Disposable Income	
	Amount (In millions)	Percent Change	Amount	Percent Change
1960	$37,637	4.8	$2,372	2.1
1961	39,669	5.4	2,405	1.4
1962	42,533	7.2	2,491	3.6
1963	45,396	6.7	2,569	3.1
1964	49,977	10.1	2,753	7.2
1965	53,454	7.0	2,876	4.5
1966	57,540	7.6	3,051	6.1
1967	61,431	6.8	3,204	5.0
1968	66,235	7.8	3,415	6.6
1969	71,498	7.9	3,627	6.2
1970	77,683	8.7	3,880	7.0
1971	83,118	7.0	4,085	5.3
1972	88,601	6.6	4,304	5.4
1973	98,559	11.2	4,723	9.7
1974	109,865	11.5	5,189	9.9
1975	122,346	11.4	5,681	9.5
1976	134,584	10.0	6,136	8.0
1977	150,240	11.6	6,722	9.6
1978	172,321	14.7	7,545	12.2
1979	196,011	13.7	8,429	11.7
1980	221,074	12.8	9,300	10.3
1981	247,783	12.1	10,231	10.0
1982	264,709	6.8	10,718	4.8
1983	287,310	8.5	11,413	6.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 14

INDUSTRIAL SOURCES OF EARNINGS, CALIFORNIA AND UNITED STATES, 1981–83

(In percent)

Industry	California			United States		
	1981	1982	1983	1981	1982	1983
Total [a]	100.0	100.0	100.0	100.0	100.0	100.0
Farming	2.9	2.4	2.0	2.3	1.8	1.3
Mining	0.8	0.8	0.7	2.0	2.0	1.7
Construction	5.6	5.0	4.8	5.6	5.3	5.3
Manufacturing	22.4	22.4	22.1	25.6	24.4	23.8
Transportation, communication, and public utilities	7.3	7.3	7.2	7.8	7.9	7.8
Trade	16.4	16.3	16.3	16.2	16.3	16.3
Finance, insurance, real estate	6.3	6.5	6.4	5.8	6.2	6.4
Services	20.5	21.2	22.6	17.9	18.7	20.1
Government	17.1	17.4	17.1	16.4	16.9	17.0
Other [b]	0.7	0.7	0.8	0.4	0.4	0.4

[a] Consists of wage and salary disbursements, other labor income and proprietors' income. Detail may not add to total due to rounding.
[b] Agricultural services, forestry, fisheries and other.
Source: Computed by California Department of Finance from data reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 15

NUMBER OF PERSONAL INCOME TAX RETURNS, ADJUSTED GROSS INCOME, TAXABLE INCOME, AND TAX ASSESSED, 1960–82

(Income in thousands)

Income Year *	Number of returns	Adjusted gross income	Taxable income	Tax assessed
1960	4,239,099	$31,234,015	$13,337,516	$256,450,535
1961	4,454,831	33,581,594	14,624,977	290,676,930
1962	4,558,688	35,878,383	15,833,652	304,396,656
1963	4,851,770	38,835,003	17,382,196	338,006,936
1964	4,981,588	42,133,398	19,411,712	391,744,625
1965	5,167,529	45,234,006	21,088,900	432,886,449
1966	5,445,732	48,692,542	23,442,015	478,765,378
1967	5,449,456	52,827,614	43,252,693	947,644,969
1968	5,334,038	56,636,453	44,663,419	1,061,700,536
1969	5,586,849	60,874,377	47,983,889	1,088,914,303
1970	5,554,362	63,189,993	49,434,451	1,212,386,611
1971	5,690,817	67,784,603	52,618,643	1,132,505,000
1972	6,972,468	78,371,548	60,904,375	1,691,312,440
1973	7,490,292	85,533,832	66,863,680	1,536,631,957
1974	7,929,997	93,727,065	73,916,530	2,360,763,630
1975	8,124,290	101,597,846	80,476,280	2,758,812,903
1976	8,620,249	115,605,336	91,731,547	3,359,556,988
1977	8,989,797	132,780,576	105,756,245	4,224,600,738
1978	9,448,710	149,103,645	119,658,733	4,174,010,707
1979	10,190,263	169,787,242	136,691,944	5,973,284,386
1980	10,335,674	189,296,755	150,455,416	6,205,907,550
1981	10,661,919	209,941,951	165,129,794	6,774,149,612
1982	10,721,424	224,864,258	175,605,697	7,240,834,538

* Changes in the Personal Income Tax Law effective with returns for the 1967 income year make prior year information not comparable.
Source: California Franchise Tax Board

TABLE 16

PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1982 INCOME YEAR

County	All returns—taxable and nontaxable			Joint Returns		Tax Assessed (thousands)
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
Alameda	491,688	$10,682,835	$17,045	199,710	$32,654	$328,274
Alpine	189	3,333	13,727	100	24,800	76
Amador	8,001	149,463	15,329	5,050	20,585	3,563
Butte	54,586	878,561	11,913	29,054	19,058	20,992
Calaveras	8,270	143,816	13,695	5,100	19,326	3,311
Colusa	5,267	91,906	13,393	2,985	19,358	3,532
Contra Costa	278,808	7,460,649	21,121	139,161	34,950	250,255
Del Norte	6,088	86,274	11,402	3,548	17,561	1,764
El Dorado	31,884	587,280	14,507	18,234	22,497	12,750
Fresno	194,303	3,558,045	13,204	100,106	21,712	100,082
Glenn	7,936	127,364	13,077	4,689	18,583	3,306
Humboldt	40,492	678,125	12,570	20,566	21,395	17,282
Imperial	32,392	523,706	11,550	19,124	15,714	13,854
Inyo	7,327	133,248	14,544	4,024	22,339	3,320
Kern	150,561	3,076,196	15,565	82,534	24,774	88,652
Kings	23,016	417,167	13,928	13,376	20,774	11,106
Lake	14,266	226,001	12,097	8,537	17,058	5,035
Lassen	7,450	124,483	14,255	4,462	20,544	2,608
Los Angeles	3,066,232	66,573,472	15,114	1,266,163	26,674	2,234,873
Madera	21,480	376,875	13,640	13,082	20,106	9,251
Marin	100,049	2,987,279	20,323	41,237	37,763	127,608
Mariposa	4,178	66,158	12,183	2,297	18,920	1,341
Mendocino	25,902	433,346	12,976	13,881	20,485	10,558
Merced	46,199	739,838	12,180	25,524	18,908	17,638
Modoc	2,869	38,208	11,647	1,765	17,239	878
Mono	3,594	63,334	13,064	1,492	22,545	1,509
Monterey	102,675	2,155,651	15,084	50,095	24,272	69,045
Napa	38,077	850,060	17,514	19,703	27,793	25,287
Nevada	20,893	389,212	14,296	12,248	20,875	9,203
Orange	841,671	20,317,939	17,823	396,441	31,163	640,287
Placer	50,261	1,021,161	15,860	28,475	25,435	24,885
Plumas	6,270	105,111	13,685	3,809	20,383	2,157
Riverside	252,656	4,959,676	14,659	138,435	22,592	132,473
Sacramento	333,389	6,609,663	15,535	155,442	26,771	181,287
San Benito	9,478	170,053	13,434	5,048	21,451	4,421
San Bernardino	321,448	6,368,582	15,947	174,990	25,263	151,665
San Diego	738,283	15,332,284	15,134	347,614	25,879	454,877
San Francisco	353,153	7,359,012	14,873	98,370	26,201	296,303
San Joaquin	138,458	2,523,765	13,870	71,074	23,391	69,221
San Luis Obispo	62,614	1,150,703	13,856	31,918	22,728	29,864

TABLE 16—Continued

PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1982 INCOME YEAR

County	All returns—taxable and nontaxable			Joint Returns		Tax Assessed (thousands)
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
San Mateo	265,667	7,316,848	20,336	117,585	34,757	284,187
Santa Barbara	125,557	2,824,370	15,692	57,443	27,622	97,283
Santa Clara	587,767	14,861,748	19,624	258,547	34,333	505,404
Santa Cruz	80,848	1,604,657	14,463	36,236	25,083	46,153
Shasta	43,383	748,472	13,133	25,235	20,143	18,295
Sierra	1,114	16,088	12,081	656	17,105	310
Siskiyou	14,772	233,024	12,169	8,828	17,869	5,642
Solano	90,615	2,002,988	18,902	48,885	29,218	52,444
Sonoma	126,478	2,623,048	16,095	61,950	26,701	74,314
Stanislaus	104,081	1,874,231	13,385	55,444	21,465	52,736
Sutter	19,726	346,821	12,869	11,071	20,404	9,853
Tehama	13,077	206,221	12,530	7,805	18,402	4,648
Trinity	3,694	57,759	12,717	2,344	17,797	1,172
Tulare	81,579	1,392,744	12,374	47,106	18,664	37,212
Tuolumne	13,414	226,562	13,345	7,842	19,602	4,971
Ventura	210,646	4,887,556	18,054	112,481	29,506	136,356
Yolo	45,291	917,509	13,384	21,112	24,679	25,199
Yuba	15,905	222,375	10,865	8,753	16,594	4,624
Unallocated [1]	51,145	885,932	10,567	17,980	20,869	24,653
Resident Out-of-State [2]	65,149	1,413,813	12,171	25,238	21,452	59,663
Nonresident	155,597	6,424,296	19,235	87,575	28,754	72,866
Totals:						
58 Counties	9,745,967	$211,902,855	–	4,448,786	–	$6,725,196
All	10,017,858	$220,626,896	$16,041	4,579,579	$27,036	$6,882,378

[1] Unable to determine county of residence from tax returns.
[2] Resident returns filed with out-of-state address.
Source: California Franchise Tax Board.

TABLE 17

CONSUMER PRICE INDEX, UNITED STATES, CALIFORNIA, LOS ANGELES, SAN FRANCISCO, AND SAN DIEGO, 1960–84

(1967=100)

Year	United States	California [b]	Los Angeles-Long Beach [c]	San Francisco-Oakland [d]	San Diego [e]
Urban Wage Earners and Clerical Workers (Old Series)					
1960	88.7	88.2	88.5	87.9	.....
1961	89.6	89.3	89.6	88.9	.....
1962	90.6	90.5	90.6	90.3	.....
1963	91.7	91.9	92.0	91.5	.....
1964	92.9	93.5	93.7	92.9	.....
1965	94.5	95.4	95.7	94.7	95.2
1966	97.2	97.3	97.5	97.1	97.1
1967	100.0	100.0	100.0	100.0	100.0
1968	104.2	104.1	103.9	104.5	104.1
1969	109.8	109.3	108.8	110.2	109.5
1970	116.3	114.9	114.3	115.8	115.3
1971	121.3	119.1	118.5	120.1	119.8
1972	125.3	123.1	122.3	124.3	124.4
1973	133.1	130.2	129.2	131.5	132.5
1974	147.7	143.5	142.5	144.4	147.2
1975	161.2	158.4	157.6	159.1	160.8
1976	170.5	168.3	168.0	168.0	170.7
1977	181.5	180.2	179.6	180.8	180.9
All Urban Consumers [a]					
1978	195.4	194.8	192.8	197.8	200.1
1979	217.4	215.9	213.7	214.6	233.1
1980	246.8	249.4	247.3	247.3	268.5
1981	272.4	276.6	271.4	279.0	304.6
1982	289.1	294.5	287.6	300.0	325.3
1983	298.4	299.3	292.7	302.5	334.6
1984	311.1	314.3	306.1	319.8	354.2
Revised Urban Wage Earners and Clerical Workers [a]					
1978	195.3	194.3	192.5	197.4	199.5
1979	217.7	216.2	215.1	214.7	230.4
1980	247.0	250.6	250.2	247.2	264.6
1981	272.3	277.9	275.0	278.8	299.3
1982	288.6	295.4	291.1	298.9	320.4
1983	297.4	296.9	293.5	298.9	319.2
1984	307.6	307.5	301.9	315.8	327.9

[a] A new Consumer Price Index for All Urban Consumers and a revised CPI for Urban Wage Earners and Clerical Workers were introduced January 1978. These series tie to the historical unrevised Urban Wage Earners and Clerical Workers CPI.

[b] Computed by the Department of Industrial Relations, Division of Labor Statistics and Research, as a weighted average of the indexes for the Los Angeles-Long Beach, San Francisco-Oakland, and San Diego metropolitan areas.

[c] Los Angeles and Orange Counties.

[d] Alameda, Contra Costa, Marin, San Francisco, San Mateo and Solano Counties.

[e] San Diego County.

Source: U.S. Department of Labor, Bureau of Labor Statistics and California Department of Industrial Relations.

TABLE 18

CALIFORNIA CASH FARM RECEIPTS, PRODUCTION EXPENSES, AND INCOME, 1960–83

(In millions of dollars)

Year	Cash receipts [a]	Production expenses	Net farm income before inventory adjustment	Non-money income [b]	Net farm income after inventory adjustment [c]
1960	3,405.3	2,475.5	929.5	134.2	974.9
1961	3,462.6	2,577.0	885.6	145.6	880.5
1962	3,627.8	2,758.2	869.5	143.0	956.5
1963	3,728.3	2,820 7	907.6	145.8	910.6
1964	3,896.1	2,841.8	1,054.4	148.9	1,069.2
1965	3,957.2	3,043.1	914.1	154.2	973.8
1966	4,343.1	3,211.8	1,131.3	155.5	1,091.7
1967	4,246.0	3,296.9	949.1	150.1	966.5
1968	4,603.3	3,474.4	1,128.9	151.0	1,167.7
1969	4,810.3	3,660.9	1,149.4	154.1	1,087.8
1970	4,871.0	3,828.3	1,042.7	152.3	1,026.3
1971	5,190.4	4,192.7	997.7	160.6	1,019.0
1972	5,872.5	4,324.3	1,548.1	171.3	1,563.0
1973	7,598.4	5,197.0	2,401.3	192.0	2,561.7
1974	8,902.4	6,197.4	2,705.0	222.6	2,867.2
1975	8,848.7	6,599.1	2,249.6	265.1	2,330.3
1976	9,493.9	7,231.4	2,262.5	290.9	2,237.1
1977	9,917.3	7,584.2	2,333.2	295.4	2,338.9
1978	11,078.1	8,141.7	2,936.4	337.0	3,102.2
1979	13,559.3	9,712.1	3,847.2	427.6	4,028.6
1980	14,809.4	10,645.5	4,163.9	655.9	4,420.2
1981	15,142.8	11,426.0	3,716.9	782.8	4,468.6
1982	15,634.1	11,944.7	3,689.4	894.9	3,305.0
1983	14,921.4	11,500.1	3,421.3	919.6	2,991.6

[a] Receipts from marketings plus government payments, other farm income and nonmoney income.
[b] Value of home consumption and gross rental value of farm dwellings.
[c] Net farm income before adjustment plus net change in inventories.
Source: California Department of Food and Agriculture.

TABLE 19

CALIFORNIA CASH FARM RECEIPTS, ALL CROPS, LIVESTOCK AND POULTRY, MISCELLANEOUS, AND GOVERNMENT PAYMENTS, 1960–83

(In millions of dollars)

Year	Total [a]	All crops [b]	Livestock and poultry	Miscellaneous	Government payments
1960	3,244	1,864	1,246	112	22
1961	3,291	1,866	1,278	119	28
1962	3,457	1,949	1,344	132	32
1963	3,552	2,031	1,350	139	32
1964	3,712	2,204	1,309	165	34
1965	3,763	2,125	1,427	170	41
1966	4,146	2,295	1,565	182	104
1967	4,048	2,186	1,564	188	110
1968	4,401	2,483	1,621	196	101
1969	4,602	2,494	1,768	217	123
1970	4,665	2,484	1,815	234	132
1971	4,969	2,734	1,876	246	113
1972	5,638	3,139	2,086	291	122
1973	7,328	4,294	2,563	365	106
1974	8,600	5,375	2,786	421	18
1975	8,490	5,204	2,800	470	16
1976	9,109	5,624	2,923	549	13
1977	9,517	5,907	2,947	588	75
1978	10,632	6,530	3,381	665	57
1979	12,993	7,900	4,227	805	61
1980	14,016	9,007	4,089	906	14
1981	14,191	8,996	4,232	940	23
1982	14,564	9,006	4,393	1,030	135
1983	13,866	8,361	4,160	973	372

[a] Receipts from marketings plus government payments.
[b] Miscellaneous, primarily ornamentals, not included.
Source: California Department of Food and Agriculture.

TABLE 20

CALIFORNIA CASH FARM RECEIPTS FROM CROPS, 1960–83

(In millions of dollars)

Year	All crops *	Fruit and nut	Vegetables	Field crops
1960	1,864	586	448	830
1961	1,866	587	475	804
1962	1,949	601	522	826
1963	2,031	647	505	879
1964	2,204	724	563	917
1965	2,125	631	594	900
1966	2,295	712	690	893
1967	2,186	666	713	807
1968	2,483	786	855	842
1969	2,494	848	782	864
1970	2,484	824	771	889
1971	2,734	935	915	884
1972	3,139	1,018	1,050	1,071
1973	4,294	1,554	1,191	1,549
1974	5,375	1,503	1,490	2,382
1975	5,204	1,507	1,633	2,064
1976	5,624	1,608	1,589	2,427
1977	5,907	2,017	1,889	2,001
1978	6,530	2,405	2,022	2,103
1979	7,900	2,978	2,265	2,657
1980	9,007	3,059	2,527	3,421
1981	8,996	2,954	2,796	3,246
1982	9,006	3,058	2,825	3,123
1983	8,361	2,522	2,981	2,858

* Miscellaneous, primarily ornamentals, not included.
Source: California Department of Food and Agriculture.

Table 21

AGRICULTURAL EMPLOYMENT IN CALIFORNIA, 1972–84

Year	Total Wage and Salary Employment	Agricultural Production	Agricultural Services [a]
1972	268.1	208.3	59.8
1973	288.9	222.4	66.6
1974	308.1	236.9	71.2
1975	315.7	243.7	72.0
1976	323.5	248.2	75.3
1977	314.7	241.7	72.9
1978	323.9	245.1	78.9
1979	338.6	253.6	85.0
1980	352.3	261.9	90.3
1981	354.4	258.6	95.8
1982	358.9	260.7	98.3
1983	347.3	250.3	97.1
1984	363.9	260.6	103.2
1984 January	283.0	207.8	75.2
February	274.0	202.3	71.7
March	299.9	224.5	75.4
April	329.4	239.2	90.2
May	389.0	272.1	116.9
June	430.5	297.7	132.8
July	417.1	293.0	124.1
August	431.6	304.8	126.8
September	497.0	354.4	142.6
October	389.2	285.4	103.8
November	324.3	229.1	95.2
December	301.5	217.4	84.1

[a] Agricultural services includes forestry and fishing, but excludes veterinary, other animal, and landscape and horticultural services.
Source: California Employment Development Department (Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by EDD.)

TABLE 22

CORPORATE PROFITS FROM CALIFORNIA OPERATIONS, 1960–82

Year [b]	Number of corporations [a]				Net profits (in millions)		
	Total	With net income	With net loss	No income or loss	Total	Net income [c]	Net loss [d]
1960	101,081	56,987	28,843	15,351	$3,517	$4,182	$−665
1961	105,645	59,746	31,802	14,097	3,718	4,509	−792
1962	110,294	63,400	31,954	14,940	3,970	4,754	−784
1963	114,667	66,496	33,667	14,504	4,283	5,092	−809
1964	118,860	69,555	34,254	15,051	4,626	5,526	−900
1965	122,399	71,484	35,625	15,290	5,126	6,007	−881
1966	124,690	73,076	35,664	15,950	5,643	6,638	−995
1967	125,677	73,433	38,188	14,056	5,252	6,456	−1,203
1968	128,505	77,238	36,754	14,513	6,003	7,255	−1,251
1969	136,695	80,348	38,627	17,720	5,643	7,477	−1,834
1970	145,352	81,340	44,318	19,694	4,386	6,711	−2,326
1971	151,216	83,664	47,621	19,931	4,804	7,249	−2,445
1972	158,932	91,055	47,214	20,663	6,465	8,561	−2,096
1973	165,676	97,377	46,937	21,362	7,911	10,208	−2,296
1974	172,185	102,680	49,962	19,543	8,978	11,734	−2,757
1975	177,665	106,213	53,965	17,487	8,362	11,672	−3,309
1976	184,326	113,614	54,249	16,463	11,916	14,808	−2,892
1977	200,393	124,175	57,949	18,269	14,941	17,830	−2,889
1978	221,527	138,495	63,725	19,307	18,728	21,974	−3,246
1979	248,188	154,468	72,343	21,377	20,735	24,826	−4,091
1980	275,493	165,183	86,482	23,828	20,654	25,825	−5,171
1981	299,215	172,122	101,398	25,695	16,367	24,214	−7,847
1982	326,264	175,054	120,964	30,246	10,745	22,828	−12,083

[a] Includes a slight amount of duplication as a result of mergers, consolidations, changes in corporate names and changes of income year which necessitated filing more than one state franchise tax return during the year. In 1961 this duplication amounted to approximately 205 corporations, or 0.5 percent of the total.

[b] Includes corporations with fiscal years ending in the calendar year shown.

[c] Net profits of all corporations reporting net income.

[d] Net profits of all corporations reporting net loss.

Source: California Franchise Tax Board.

TABLE 23

BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1981 AND 1982

(Income in thousands)

Industry	1981				1982			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Agriculture, forestry, and fishery	3,987	$367,868	7,001	$121,594	3,585	$266,400	6,536	$92,354
Mining	697	2,614,111	1,705	2,373,265	786	2,261,441	2,374	2,136,488
Crude petroleum and natural gas production	508	2,525,468	1,108	2,337,795	733	2,211,296	2,014	2,120,355
Other mining and quarrying	189	88,643	597	35,470	53	50,145	360	16,133
Construction	13,851	1,023,608	25,137	653,789	12,458	824,440	25,739	346,268
Manufacturing	20,534	7,933,661	32,797	6,218,861	17,871	6,847,135	32,371	3,768,387
Beverages, food, and kindred products	1,165	1,005,883	1,894	885,906	1,016	947,093	1,583	884,808
Textile-mill products	185	49,205	289	30,174	154	17,445	258	−2,168
Apparel and products made from fabric	1,159	213,080	1,896	172,297	1,023	220,437	1,534	166,642
Wood products, except furniture	696	135,691	1,235	45,798	360	43,046	976	−36,735
Furniture and fixtures	637	92,488	1,039	66,412	1,022	145,925	1,379	118,461
Paper and allied products	262	127,342	360	101,290	106	34,436	465	−23,964
Printing, publishing, and allied industries	2,390	473,462	3,880	343,589	2,522	497,065	4,055	423,171
Chemicals and allied products	1,493	881,298	2,290	798,711	1,003	637,923	1,924	484,918
Petroleum and coal and rubber products	302	108,304	496	24,343	417	184,378	627	122,648
Stone, clay, and glass products	520	157,356	811	127,218	419	159,743	382	101,852
Primary metals	312	237,717	425	212,511	412	44,207	673	−308,565
Electrical machinery and equipment	2,167	1,852,093	3,635	1,443,954	2,045	1,437,303	3,688	462,359
Transportation equipment	812	667,897	1,466	477,238	683	492,540	1,352	404,050
Other equipment	2,305	544,600	3,273	470,584	1,847	219,844	3,382	19,692
Precision equipment	536	294,975	906	241,800	324	466,529	1,038	262,104
Other fabricated metal products	3,482	729,801	5,057	602,651	2,669	666,727	5,016	195,855
Other manufacturing	2,111	362,469	3,845	174,385	1,849	632,494	3,439	493,159

TABLE 23—Continued

BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1981 AND 1982

(Income in thousands)

Industry	1981				1982			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Services	61,287	2,381,068	102,791	1,229,843	68,094	2,277,465	119,113	899,103
Motion picture production	2,750	191,298	5,095	88,507	4,287	103,803	7,044	−6,432
Amusement services	2,578	213,652	5,135	113,777	2,560	370,373	5,982	185,454
Personal services	1,721	86,141	2,911	62,326	1,990	78,159	3,928	57,375
Business services	18,047	837,380	33,187	280,866	20,476	743,031	38,079	177,836
Professional services	21,045	255,261	29,030	183,559	26,367	342,980	35,547	270,720
Other services	15,146	797,336	27,433	500,808	12,414	639,119	28,533	214,150
Trade	43,051	4,904,480	71,827	3,262,852	42,942	4,191,361	75,318	2,322,771
Retail trade	24,798	2,320,844	42,031	1,553,450	30,952	2,009,869	55,862	794,744
Wholesale trade	18,253	2,583,636	29,796	1,709,402	11,990	2,181,492	19,456	1,528,027
Finance, insurance, and real estate	24,953	3,033,952	50,470	836,588	25,508	2,428,342	56,200	−2,095,459
Banks	285	1,004,911	445	931,215	365	726,155	622	631,402
Savings and loan associations and other financials	498	178,532	1,083	−627,382	267	173,177	764	−1,249,652
Real estate companies	18,452	1,270,765	37,847	493,894	17,354	899,088	39,358	−1,123,117
Investment and insurance companies	5,718	579,744	11,095	38,861	7,522	629,922	15,456	−354,092
Utilities	3,762	1,955,165	7,487	1,670,345	3,809	3,731,205	8,613	3,275,094
Transportation	2,564	389,130	4,567	177,917	2,613	299,304	5,375	−110,811
Communications	86	833,814	118	832,683	55	70,253	107	59,718
Radio and television industries	219	163,882	553	113,242	261	118,923	670	107,790
Electric and gas utilities	14	439,251	36	438,339	55	1,566,299	106	1,566,289
Other public utilities	879	129,088	2,213	108,164	825	1,676,426	2,355	1,652,108
Totals	172,122	$24,213,913	299,215	$16,367,137	175,053	$22,827,789	326,264	$10,744,905

Source: California Franchise Tax Board.

TABLE 24

CALIFORNIA BUILDING PERMIT ACTIVITY: NONRESIDENTIAL VALUATION BY SELECTED TYPES OF CONSTRUCTION, 1963–84

(In thousands of dollars)

Year	Commercial	Industrial	Other	Additions and alterations	Total [b]
1963	734,878	198,932	708,507	280,024	1,922,338
1964	749,998	184,849	805,449	261,022	2,001,317
1965	845,483	207,844	656,461	286,488	1,996,275
1966	829,974	255,348	706,425	307,759	2,099,504
1967	728,496	283,612	601,256	268,139	1,881,503
1968	869,419	367,027	651,423	271,259	2,159,126
1969	1,016,925	395,697	666,768	452,097	2,531,490
1970	1,089,054	288,077	674,969	491,669	2,543,764
1971	1,401,364	326,049	978,580	263,473	2,969,469
1972	1,437,511	464,702	865,306	281,118	3,048,634
1973	1,349,105	717,549	826,827	337,156	3,230,637
1974	1,260,018	736,532	902,675	359,502	3,258,723
1975	1,296,132	491,032	952,261	366,794	3,106,221
1976	1,327,749	629,515	1,067,335	443,049	3,467,649
1977	1,890,490	1,093,685	1,229,912	498,550	4,712,638
1978	2,477,474	1,556,132	1,318,691	606,069	5,958,365
1979	3,377,019	1,812,478	1,383,480	721,923	7,294,901
1980 [a]	3,274,077	1,276,735	1,202,941	1,716,358	7,470,107
1981	4,034,262	1,484,012	1,308,222	2,079,349	8,905,843
1982	4,176,487	1,051,366	1,401,367	2,100,651	8,729,875
1983	4,456,644	1,312,567	1,478,114	2,663,477	9,910,801
1984	5,643,200	2,020,400	1,561,700	2,747,800	11,973,100

[a] Prior to 1980 all additions and alterations of $100,000 or over were recorded as new construction in either the commercial, industrial or other category.
[b] Parts may not add to total due to rounding.
Source: Security Pacific National Bank.

TABLE 25

RESIDENTIAL HOUSING UNITS AUTHORIZED BY PERMITS, CALIFORNIA, 1963–84

Year	Single	Multiple	Total	Additions and alterations	Total Residential Valuation (Thousands)
1963	131,544	190,472	322,016	146,319	$4,066,024
1964	112,977	155,430	268,407	154,228	3,741,721
1965	95,156	82,426	177,582	151,109	2,909,750
1966	65,405	33,967	99,372	152,351	1,925,796
1967	68,417	43,575	111,992	150,600	2,107,578
1968	86,957	73,022	159,979	144,978	2,838,419
1969	80,134	104,211	184,345	141,269	3,148,475
1970	71,344	124,348	195,692	137,217	3,177,190
1971	113,260	143,729	256,989	148,697	4,529,124
1972	124,064	155,606	279,670	148,365	5,389,521
1973	102,571	113,508	216,079	157,021	4,883,168
1974	76,204	53,025	129,229	173,070	3,687,321
1975	89,823	41,909	131,732	185,232	4,540,859
1976	140,293	81,647	221,940	200,312	8,023,474
1977	174,874	95,766	270,640	215,430	10,494,411
1978	141,537	102,268	243,805	216,353	10,603,718
1979	127,499	82,577	210,076	203,871	10,791,261
1980	86,632	58,355	144,987	190,764	9,097,793
1981	59,973	44,900	104,873	171,269	7,520,137
1982	49,852	34,521	84,373	153,518	6,179,400
1983	99,299	69,059	168,358	179,350	11,511,060
1984	107,346	110,661	218,007	173,711	14,514,300

Source: Security Pacific National Bank.

TABLE 26

TAXABLE TRANSACTIONS IN CALIFORNIA AND OUTSTANDING SALES TAX PERMITS, BY TYPE OF OUTLET, 1960–84

Calendar Year	TAXABLE TRANSACTIONS		SALES TAX PERMITS OUTSTANDING [a]			
	All Outlets (In millions)	Retail Stores (In millions)	Total	Retail [b] Stores	Personal Service Shops	Other [c]
1960	$23,361	$15,645	346,706	150,512	58,997	137,197
1961	23,987	16,077	351,540	148,899	59,516	143,125
1962	25,969	17,522	355,403	151,769	57,591	146,043
1963	27,892	18,893	362,614	154,517	57,105	150,992
1964	30,265	20,550	372,387	157,344	56,749	158,294
1965	31,908	21,516	381,203	161,109	56,002	164,092
1966	34,236	22,624	389,867	163,087	55,326	171,454
1967	35,122	23,512	392,705	163,821	54,624	174,260
1968	39,007	26,168	401,980	165,285	54,993	181,702
1969	42,378	28,254	411,375	167,887	55,066	188,422
1970	43,223	28,699	426,766	171,094	56,173	199,499
1971	46,815	31,496	440,935	173,343	57,359	210,233
1972	53,714	36,518	459,616	177,261	58,815	233,540
1973	61,738	42,119	474,733	180,330	59,943	234,460
1974	68,071	45,797	492,937	182,570	60,918	249,449
1975	73,476	49,800	520,499	187,399	62,951	270,149
1976	83,822	57,343	552,162	193,925	65,868	292,369
1977	99,482	67,491	583,704	200,452	69,271	313,981
1978	113,468	76,366	611,397	206,951	72,003	332,443
1979	131,678	87,270	642,152	212,804	75,185	354,163
1980	142,759	94,211	673,679	218,945	78,272	376,462
1981	155,127	101,666	698,080	223,201	79,952	394,927
1982	154,553	102,009	740,577	230,023	83,223	427,331
1983	169,413	113,350	764,815	233,522	85,697	445,596
1984	194,014	126,736	783,718	240,108	88,839	454,771

[a] Permits as of July 1.
[b] Exclusive of itinerant and mail-order vendors.
[c] Consists of manufacturing, wholesaling, contracting, and miscellaneous outlets and itinerant and mail-order vendors.
Source: California State Board of Equalization.

TABLE 27

TAXABLE TRANSACTIONS IN CALIFORNIA BY TYPE OF BUSINESS, 1979–84

(Amounts in millions)

	1979	1980	1981	1982	1983	1984
Total, all outlets	$131,678	$142,759	$155,127	$154,553	$169,413	$194,014
Retail stores	87,270	94,211	101,666	102,009	113,350	126,736
Apparel stores	4,327	4,678	5,342	5,318	5,565	6,107
General merchandise and drug stores [a]	13,702	14,638	16,111	16,496	18,222	20,277
Specialty stores	8,062	9,178	10,276	11,214	12,813	14,642
Grocery stores [b]	7,556	8,530	9,545	10,302	11,018	11,832
Liquor stores	1,743	1,985	2,060	1,984	1,962	1,936
Eating and drinking places	10,333	11,324	12,614	13,338	14,533	16,038
Home furnishings and appliance stores	4,293	4,348	4,667	4,721	5,467	6,238
Farm and garden	2,124	2,261	2,361	2,115	2,239	2,504
Building materials	6,216	6,131	5,759	5,365	6,941	8,191
New car dealers	11,991	10,973	12,233	12,722	15,936	19,272
Automotive group [c]	16,779	20,165	20,697	18,433	18,654	19,699
Other						
Business and personal services	4,748	5,210	5,833	6,025	6,851	7,981
All other outlets	39,660	43,338	47,627	46,519	49,212	59,296

[a] Excludes exempt sales of prescription medicines.
[b] Excludes exempt sales of food for home consumption.
[c] Excludes new car dealers.
Source: California Board of Equalization.

TABLE 28

DEMAND AND TIME DEPOSITS, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–83

(Amounts in millions)

Year *	Demand Deposits	Time and Savings Deposits
1960	12,954	11,385
1961	14,232	12,851
1962	14,426	14,593
1963	14,939	16,042
1964	15,683	17,983
1965	15,232	20,109
1966	15,671	21,614
1967	17,492	23,762
1968	19,003	26,418
1969	19,989	23,513
1970	20,713	28,636
1971	22,463	33,699
1972	26,607	37,461
1973	28,060	42,789
1974	27,916	51,268
1975	30,682	54,635
1976	32,119	56,775
1977	37,516	63,494
1978	40,897	72,462
1979	44,951	77,008
1980	44,976	92,361
1981	42,675	109,633
1982	40,430	124,730
1983	45,550	133,137

* As of December call reports, not seasonally adjusted.
Source: Federal Reserve Bank of San Francisco.

TABLE 29

GROSS LOANS BY MAJOR CATEGORIES, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–83

(Amounts in millions)

Year *	Real estate loans	Commercial and industrial loans	Agricultural loans	Loans to individuals	Other	Total
1960	5,181	4,762	509	2,648	1,223	14,323
1961	5,358	5,122	592	2,769	1,313	15,154
1962	6,153	5,668	636	3,151	1,697	17,305
1963	7,027	6,009	716	3,634	2,376	19,762
1964	7,512	7,081	659	4,208	2,594	22,056
1965	7,974	8,284	748	4,686	2,661	24,353
1966	8,268	9,318	776	4,924	2,665	25,951
1967	8,485	10,112	803	5,126	2,697	27,223
1968	9,230	11,631	823	5,793	3,447	30,924
1969	9,545	12,276	866	6,045	3,706	32,439
1970	9,592	12,965	855	5,903	3,147	32,463
1971	10,871	13,682	990	6,659	4,193	36,395
1972	12,784	15,145	1,255	7,808	6,034	43,027
1973	15,607	18,831	1,559	8,846	7,056	51,899
1974	17,063	21,334	1,584	9,363	7,589	56,934
1975	16,724	20,156	1,614	10,023	7,121	55,637
1976	18,433	19,473	1,860	11,609	8,136	59,511
1977	23,648	21,635	2,019	14,637	8,470	70,409
1978	30,820	25,355	2,292	18,206	9,185	85,858
1979	39,088	30,260	2,655	22,080	8,741	102,824
1980	46,504	33,895	2,848	22,049	8,069	113,365
1981	52,291	39,502	3,345	21,982	11,780	128,900
1982	53,680	46,280	3,760	22,030	15,830	141,580
1983	54,423	68,378	4,298	23,896	15,641	166,636

Note: Individual figures may not add to totals due to rounding.
* As of December call reports except as noted.
Source: Federal Reserve Bank of San Francisco and Federal Deposit Insurance Corporation.

TABLE 30

LOANS AND SAVINGS CAPITAL, CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS,[a] 1960–84

(In millions)

Year	Mortgage Loans Closed During the Year	End of Year Mortgage Loans Outstanding	Yearend Savings Capital	Net New Savings During the Year[b]
1960	$2,955	$9,141	$8,885	N.A.
1961	4,147	11,241	10,778	N.A.
1962	5,590	13,941	13,339	N.A.
1963	7,691	17,677	16,536	N.A.
1964	7,137	20,529	19,300	N.A.
1965	5,825	22,176	20,993	N.A.
1966	2,953	22,477	21,215	$−610
1967	3,641	23,558	23,469	1,360
1968	3,914	25,154	24,283	−122
1969	3,845	26,780	23,889	−1,395
1970	3,517	28,250	25,040	115
1971	6,576	31,907	30,054	3,776
1972	8,809	37,199	35,660	4,114
1973	7,735	41,113	37,836	476
1974	6,413	43,758	39,359	−349
1975	10,689	49,100	47,147	5,565
1976	17,903	58,553	57,102	7,218
1977	24,888	70,734	66,918	6,480
1978	24,391	80,765	74,896	4,180
1979	25,574	92,512	84,166	4,814
1980	16,074	98,196	89,693	106
1981	10,504	107,866	96,163[c]	−5,815
1982	14,082	105,927	108,712[c]	1,281
1983	42,594	132,297	147,857[c]	29,205
1984	54,120	166,477	188,761[c]	28,457

[a] Insured (FSLIC) California savings institutions that are members of the Federal Home Loan Bank of San Francisco. For the periods covered by this table, these institutions have accounted for at least 99.5% of California savings institution assets. Since 1976 all California institutions are included.

[b] New savings received less withdrawals excludes interest credited to savings accounts.

[c] Includes data from branch offices outside of California.

Source: Federal Home Loan Bank of San Francisco.

TABLE 31

SELECTED DATA ON FEDERALLY CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–83 [a]

(Dollar amounts in thousands)

Year [b]	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding
1960	1014	787,450	$383,723	$340,165	$313,245
1961	1056	852,214	441,302	393,828	347,402
1962	1081	927,654	511,824	453,316	409,969
1963	1106	1,015,808	601,294	533,445	473,297
1964	1128	1,102,380	699,250	618,385	550,150
1965	1142	1,192,932	785,707	693,993	636,454
1966	1185	1,309,746	861,285	753,300	718,046
1967	1209	1,407,640	946,456	834,393	768,772
1968	1225	1,492,051	1,055,097	923,136	883,881
1969	1255	1,585,602	1,191,712	1,034,749	1,024,828
1970	1249	1,181,164	1,360,754	1,181,164	1,109,716
1971	1225	1,746,653	1,626,494	1,436,952	1,267,686
1972	1232	1,871,287	1,928,350	1,715,276	1,471,791
1973	1239	2,045,500	2,272,202	1,987,138	1,758,048
1974	1230	2,282,543	2,737,187	2,367,268	2,106,113
1975	1208	2,445,115	3,403,739	2,994,889	2,498,064
1976	1189	2,683,441	4,185,397	3,668,616	3,150,913
1977	1164	2,995,904	5,374,256	4,613,661	4,119,205
1978	1143	3,421,378	6,374,125	5,408,209	5,110,916
1979	1108	3,682,794	6,616,630	5,737,523	4,994,833
1980	1057	3,968,900	6,950,809	6,286,440	4,410,825
1981	980	4,159,003	6,826,930	6,158,178	4,365,916
1982	906	4,446,793	7,275,638	6,631,732	4,420,910
1983	850	3,975,086	8,684,128	7,999,116	5,202,513

[a] Regulated by the National Credit Union Administration.
[b] As of December 31st.
Source: California Department of Corporations.

TABLE 32

SELECTED DATA ON STATE CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–83

(Dollar amounts in thousands)

Year *	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding	Real estate loans outstanding
1960	568	573,548	$304,885	$263,793	$266,374	$41,676
1961	573	630,121	350,725	308,711	296,058	44,724
1962	578	675,287	396,343	343,890	340,125	47,736
1963	582	709,911	448,963	394,587	382,766	44,573
1964	597	788,816	513,302	449,214	437,040	53,971
1965	587	828,389	577,007	496,601	500,689	54,874
1966	623	889,636	639,154	549,351	568,782	64,561
1967	636	955,166	712,321	617,575	613,189	64,600
1968	626	1,006,190	795,758	684,727	696,891	83,837
1969	623	1,077,259	891,033	772,482	788,420	94,154
1970	631	1,139,372	998,764	868,721	858,839	101,161
1971	599	1,182,550	1,152,210	1,004,478	976,271	102,925
1972	590	1,248,463	1,330,711	1,160,215	1,105,569	110,489
1973	596	1,296,105	1,511,003	1,316,539	1,287,143	146,789
1974	591	1,312,193	1,615,949	1,420,664	1,396,985	185,955
1975	587	1,341,288	1,935,507	1,710,369	1,621,089	224,553
1976	576	1,503,437	2,232,994	2,057,351	1,991,402	297,474
1977	556	1,601,603	2,851,789	2,504,181	2,453,162	408,251
1978	534	1,678,279	3,261,776	2,842,131	2,903,915	607,752
1979	493	1,825,160	3,535,214	2,877,833	3,065,665	598,067
1980	478	1,973,513	3,798,533	3,189,679	2,977,642	615,902
1981	450	1,975,104	3,794,317	3,221,836	3,011,722	655,907
1982	417	1,921,032	3,788,929	3,351,392	2,710,921	607,421
1983	397	2,040,746	4,761,669	4,263,664	3,286,588	650,527

* As of December 31st.

Source: California Department of Corporations. Report of State Chartered Credit Unions.

TABLE 33

SELECTED DATA ON FINANCE COMPANIES IN CALIFORNIA, 1971–83 [a]

(Dollar amounts in thousands)

Year [b]	Number of loans made	Total principal amount of loans made	Consumer loans under $10,000 and commercial loans under $5,000		Consumer loans of $10,000 or more and commercial loans of $5,000 or more
			Secured by personal property	Secured by personal property and real property	
1971	1,170,013	$1,897,472	$1,153,541	$54,150	$689,781
1972	1,210,311	1,973,792	1,268,113	62,418	643,261
1973	1,202,884	2,424,236	1,344,871	90,028	989,337
1974	1,024,276	2,403,516	1,212,864	111,590	1,079,062
1975	883,047	2,234,827	1,114,707	156,257	963,863
1976	995,459	2,756,599	1,287,307	212,665	1,256,627
1977	1,073,690	3,047,796	1,393,534	224,676	1,429,586
1978	1,141,163	3,562,541	1,530,849	189,625	1,842,064
1979	1,097,742	5,265,756	1,408,269	182,030	3,675,457
1980	644,632	3,925,512	857,357	187,819	2,880,336
1981	424,672	4,754,757	532,610	203,507	4,018,640
1982	372,192	4,034,562	556,396	125,110	3,353,056
1983	462,319	5,946,563	790,603	104,839	5,051,121

[a] Finance companies are licensed under the Personal Property Brokers Law, the Consumer Finance Lender Law, and/or the Commercial Finance Lenders Law.

[b] Data refers to loans made during each year.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 34

SELECTED DATA ON INDUSTRIAL LOAN COMPANIES IN CALIFORNIA, 1971–83 [a]

(Dollar amounts in thousands)

Year	Total asset [b]	Investment certificates [c]	Consumer loans		Commercial loans		Premium finance agencies	
			Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made [c]
1971	$456,632	$307,393	170,330	$328,597 [d]	—	—	75,242	$66,540
1972	523,969	344,209	199,737	381,595 [d]	—	—	78,681	75,623
1973	542,939	381,150	189,278	358,728 [d]	—	—	79,893	80,971
1974	560,343	420,069	179,473	351,119	1,359	$17,987	81,645	86,655
1975	613,119	475,922	166,339	361,887	1,453	20,651	79,804	107,310
1976	687,399	537,212	202,104	428,453	25,467	106,897	19,057	43,303
1977	772,406	608,832	209,259	451,880	28,277	144,528	14,206	48,853
1978	875,928	678,918	209,884	509,688	30,320	175,828	17,849	63,160
1979	1,007,766	766,963	197,740	549,796	33,894	185,920	18,822	74,328
1980	1,120,406	857,038	155,747	448,205	39,367	231,007	22,521	85,678
1981	1,262,858	963,275	97,141	377,766	4,214	119,556	29,884	100,693
1982	1,630,687	1,266,241	114,501	513,202	4,020	165,059	22,964	101,072
1983	2,035,330	1,621,750	140,240	609,720	4,421	207,448	26,399	98,180

[a] Industrial loan companies are licensed lenders who are exempt from the usury law and who make unsecured and secured loans. This schedule does not include mortgage bankers licensed under the Industrial Loan Law.

[b] As of December 31st. Total assets restated to include thrift companies, non-thrift companies and premium finance agencies.

[c] Data refers to loans made during each year.

[d] Includes commercial loans.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 35

SUMMARY OF STATE TAX COLLECTIONS, 1960–61 TO 1985–86

(Excluding departmental, interest and miscellaneous revenue)

Fiscal year	State tax collections			Taxes per capita [a]			Taxes per $100 of personal income		
	General fund (thousands)	Special funds (thousands)	Total (thousands)	General fund	Special funds	Total	General fund	Special funds	Total
Cash basis									
1960–61	$1,537,347	$656,815	$2,194,162	$96.91	$41.41	$138.32	$3.55	$1.52	$5.07
1961–62	1,645,300	669,267	2,314,567	100.25	40.78	141.03	3.60	1.47	5.07
1962–63	1,791,038	711,185	2,502,223	105.66	41.96	147.62	3.65	1.45	5.09
1963–64	2,057,962	813,937	2,871,900	117.40	46.43	163.83	3.92	1.55	5.47
1964–65	2,161,157	931,958	3,093,115	119.89	51.70	171.59	3.81	1.64	5.45
1965–66	2,398,958	971,625	3,370,582	129.93	52.62	182.55	3.95	1.60	5.55
1966–67	2,422,275	993,277	3,415,552	128.63	52.75	181.38	3.68	1.51	5.18
Accrual basis [b]									
1966–67	2,746,888	1,091,387	3,838,275	145.87	57.96	203.83	4.17	1.66	5.83
1967–68	3,557,610	1,118,311	4,675,921	185.53	58.32	243.85	5.03	1.58	6.61
1968–69	3,962,520	1,210,229	5,172,748	203.92	62.27	266.19	5.12	1.57	6.69
1969–70	4,125,607	1,283,258	5,408,865	208.94	65.00	273.94	4.89	1.52	6.41
1970–71	4,290,263	1,308,350	5,598,613	214.10	65.29	279.39	4.75	1.45	6.20
1971–72	5,212,693	1,385,863	6,598,555	256.20	68.12	324.32	5.45	1.45	6.90
1972–73	5,758,266	1,470,905	7,229,171	279.73	71.46	351.19	5.53	1.41	6.94
1973–74	6,379,476	1,497,588	7,877,064	305.71	71.76	377.47	5.56	1.31	6.87
1974–75	8,045,039	1,529,459	9,574,497	379.96	72.24	452.20	6.28	1.19	7.47
1975–76	9,068,903	1,641,174	10,710,077	421.08	76.21	497.29	6.43	1.16	7.59
1976–77	10,780,867	1,744,013	12,524,880	491.49	79.51	571.00	6.87	1.11	7.98
1977–78	12,951,613	1,874,714	14,826,327	579.49	83.88	663.37	7.37	1.07	8.44
1978–79	14,187,549	2,013,879	16,201,427	621.20	88.17	709.37	7.01	1.00	8.01
1979–80	16,860,019	2,197,397	19,057,417	725.01	94.49	819.50	7.29	0.95	8.23
1980–81	17,808,092	2,191,849	19,999,941	749.15	92.21	841.36	6.80	0.84	7.63
1981–82	19,109,448	2,446,637	21,556,085	789.25	101.06	890.31	6.52	0.83	7.35
1982–83	19,578,803	2,796,214	22,375,017	794.99	113.53	908.52	6.28	0.90	7.18
1983–84	22,308,528	3,376,907	25,685,435	886.17	134.14	1,020.32	6.68	1.01	7.70
1984–85 [c]	25,064,200	3,493,126	28,557,326	977.89	136.29	1,114.17	6.70	0.93	7.64
1985–86 [c]	26,934,800	3,633,235	30,568,035	1,032.46	139.27	1,171.73	6.63	0.89	7.53

[a] Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.
[b] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning in 1973–74, accounts receivable only are accrued.
[c] Estimated.
Data may not add due to rounding.
Source: California Department of Finance.

TABLE 36

COMPARATIVE YIELD OF STATE TAXES, 1960–61 TO 1985–86

(In thousands)

Fiscal year	Sales and Use	Personal Income	Bank and Corporation [a]	Cigarette	Inheritance and Gift	Insurance	Distilled Spirits	Horse Racing	Beer and Wine	Motor Vehicle Fuel [b]	Motor Vehicle Fees [c]
Cash basis											
1960–61	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	9,704	350,801	264,842
1961–62	749,523	299,034	290,870	66,054	76,012	71,699	45,418	38,311	10,495	363,771	274,906
1962–63	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	10,659	386,215	298,356
1963–64	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	11,299	450,195	329,584
1964–65	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	12,422	542,822	353,607
1965–66	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	12,606	551,108	382,656
1966–67	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	13,751	548,287	405,061
Accrual basis [d]											
1966–67	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,964	643,698	405,061
1967–68	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	13,196	580,487	437,918
1968–69	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1969–70	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	498,992
1970–71	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,201
1971–72	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,844
1972–73	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1973–74	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1974–75	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1975–76	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1976–77	4,313,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1977–78	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,411
1978–79	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	25,137	896,591	1,021,857
1979–80	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,635	26,183	852,751	1,096,640
1980–81	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995	1,127,293
1981–82	7,689,023	7,493,005	2,648,735	276,824	495,251	484,196	111,151	123,626	28,372	833,347	1,372,556
1982–83	7,795,488	7,712,691	2,536,011	271,621	517,875	736,929	108,519	123,398	27,690	928,633	1,624,736
1983–84	8,797,865	9,297,451	3,231,281	263,231	236,452	457,489	107,983	144,219	29,450	1,213,162	1,906,852
1984–85	9,830,000	10,485,000	3,525,000	260,700	275,000	635,000	106,100	140,426	30,600	1,145,000	2,124,500
1985–86 *	10,618,000	11,165,000	3,950,000	257,000	193,000	675,000	108,000	142,235	31,800	1,149,000	2,279,000

[a] Includes the corporation income tax.

[b] Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

[c] Registration and weight fees, motor vehicle license fees and other fees.

[d] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning with 1973–74, accounts receivable only are accrued.

* Estimated.

Source: California Department of Finance.

TABLE 37

ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES AND AVERAGE TAX RATE IN CALIFORNIA, 1960–61 TO 1984–85

Year	Assessed value [b]		Tax levies [a]		Average tax rate	
	Amount (in thousands)	Percent change from preceding year	Amount (in thousands)	Percent change from preceding year	Dollars per $100 assessed value	Percent change from preceding year
1960–61	29,600,832	7.9	2,195,588	10.3	7.42	2.2
1961–62	31,549,630	6.6	2,414,617	10.0	7.65	3.1
1962–63	33,326,914	5.6	2,606,131	7.9	7.82	2.2
1963–64	35,066,088	5.2	2,805,152	7.6	8.00	2.3
1964–65	36,743,364	4.8	3,057,579	9.0	8.32	4.0
1965–66	39,464,013	7.4	3,367,736	10.1	8.53	2.5
1966–67	42,522,365	7.7	3,758,481	11.7	8.84	3.6
1967–68	46,186,881	8.6	4,110,742	9.3	8.90	0.7
1968–69	48,653,400	5.3	4,569,986	11.2	9.39	5.5
1969–70	52,115,409	7.1	4,935,475	8.0	9.92	5.6
1970–71	55,580,735	6.6	5,721,672	15.9	10.86	9.4
1971–72	58,785,243	5.8	6,372,331	11.5	11.43	5.3
1972–73	62,790,656	6.8	6,819,609	7.0	11.44	0.1
1973–74	67,277,649	7.1	6,647,769	−2.5	11.15	−2.5
1974–75	74,298,823	10.4	7,383,411	11.0	11.24	0.8
1975–76	82,691,658	11.3	8,304,125	12.5	11.33	0.8
1976–77	93,716,623	13.3	9,376,391	12.9	11.20	−1.2
1977–78	106,694,452	13.8	10,276,725	9.7	10.68	−4.6
1978–79 [c]	116,736,826	9.4	5,635,715	−45.2	5.37	−49.7
1979–80	132,820,831	13.8	5,661,081	0.4	4.69	−1.5
1980–81	144,739,438	17.9 [d]	6,360,276	12.4	4.63	−1.3
1981–82	657,927,501 [e]	13.6 [e]	7,185,005	13.0	1.144	−1.2
1982–83	737,111,920	12.0	8,007,037	11.4	1.131	−1.1
1983–84	797,370,474	8.2	8,634,771	7.8	1.126	−.4
1984–85	878,738,713	10.2	n.a.	n.a.	n.a.	n.a.

[a] Excludes reimbursements to local government for homeowners' exemption and business inventory exemption.

[b] Includes the homeowners' exemption ($750 of assessed value from 1969–70 to 1972–73; $1,750 from 1973–74 to 1980–81; and $7,000 beginning in 1981–82). For 1984–85, the homeowners' exemption accounted for $29,801,239,000 of assessed value. The business inventory exemption (15% of assessed value in 1969–70; 30% during 1970–71 to 1972–73; 45% in 1973–74; and 50% from 1974–75 to 1979–80) was also included until 1980–81. Beginning in 1980–1981, business inventories became totally exempt and were no longer enrolled.

[c] The revised amount of taxes includes unsecured levies based on the 1977–78 tax rate on secured property. Some counties did not levy at these rates until a 1980 California Supreme Court decision clarified the proper 1978–79 tax rate applicable to unsecured property.

[d] Business inventories became totally exempt effective on the 1980–81 property tax rolls. The 1980–81 percent change from the preceding year was computed by excluding from the 1979–80 assessed value both the taxable and exempt value of business inventories.

[e] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82. The percent change was computed "after factoring the 1980–81 valuations to 100 percent of value."

Source: California State Board of Equalization.

TABLE 38

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1983–84

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d]	
						1983–84	1982–83
Alameda	$88,753	$108,433	$103,189	$82,625	$383,000	1.260%	1.273%
Alpine	—	941	292	44	1,277	1.066	1.082
Amador	349	4,007	4,352	212	8,920	1.028	1.056
Butte	3,600	9,942	25,004	5,012	43,558	1.066	1.073
Calaveras	97	3,182	6,502	1,762	11,543	1.107	1.120
Colusa	434	3,892	5,493	953	10,772	1.049	1.045
Contra Costa	31,823	71,619	99,375	92,371	295,188	1.151	1.159
Del Norte	97	1,399	2,361	499	4,356	1.029	.996
El Dorado	2,860	12,929	17,824	9,392	43,005	1.116	1.112
Fresno	24,498	56,515	75,782	22,517	179,312	1.114	1.106
Glenn	623	3,393	5,697	648	10,361	1.064	1.061
Humboldt	3,349	10,160	14,059	4,106	31,674	1.151	1.143
Imperial	3,227	7,638	11,564	1,295	23,724	1.083	1.080
Inyo	200	3,378	4,920	874	9,372	1.050	1.047
Kern	12,186	109,591	109,163	26,150	257,090	1.058	1.064
Kings	1,603	9,346	8,350	1,953	21,252	1.085	1.092
Lake	565	7,842	9,547	3,374	21,328	1.017	1.063
Lassen	296	1,834	4,071	417	6,618	1.103	1.146
Los Angeles	444,076	961,697	556,274	441,391	2,403,438	1.123	1.125
Madera	1,128	6,958	15,984	2,382	26,452	1.077	1.112
Marin	12,621	28,043	43,342	14,609	98,615	1.080	1.087
Mariposa	—	1,401	2,562	275	4,238	1.005	1.007
Mendocino	773	10,361	10,964	1,874	23,972	1.116	1.110
Merced	3,313	15,462	17,167	4,050	39,992	1.058	1.054
Modoc	152	1,678	2,349	280	4,459	1.024	1.039
Mono	—	4,704	3,840	3,282	11,826	1.075	1.066
Monterey	9,651	26,189	48,959	11,957	96,756	1.044	1.052
Napa	3,951	9,959	19,060	3,140	36,110	1.123	1.136
Nevada	769	7,047	12,750	5,205	25,771	1.085	1.092
Orange	103,295	150,087	440,742	159,147	853,271	1.158	1.160
Placer	2,780	16,236	27,195	9,792	56,003	1.100	1.105
Plumas	111	3,004	6,272	1,460	10,847	1.012	1.007
Riverside	22,153	70,927	107,914	59,153	260,147	1.140	1.163
Sacramento	24,676	76,645	67,453	49,271	218,045	1.113	1.121
San Benito	554	1,872	5,845	1,213	9,484	1.160	1.161
San Bernardino	28,195	78,556	101,968	86,170	294,889	1.199	1.211
San Diego	88,191	153,368	336,036	63,475	641,070	1.112	1.115
San Francisco	—	250,692	25,356	19,379	295,427	1.153	1.173
San Joaquin	13,460	39,852	36,254	14,272	103,838	1.071	1.084
San Luis Obispo	5,760	24,090	40,247	4,225	74,322	1.099	1.141
San Mateo	33,035	63,237	128,478	26,155	250,905	1.050	1.052
Santa Barbara	6,601	32,672	55,497	19,623	114,393	1.069	1.081

TABLE 38—Continued

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1983–84

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d]	
						1983–84	1982–83
Santa Clara	63,480	140,320	271,930	76,396	552,126	1.175	1.178
Santa Cruz	4,783	17,355	34,382	7,694	64,214	1.066	1.058
Shasta	3,119	10,297	23,058	3,283	39,757	1.080	1.072
Sierra	34	1,081	428	193	1,736	1.015	1.015
Siskiyou	1,115	4,607	6,814	705	13,241	1.021	1.023
Solano	13,491	26,349	24,788	9,265	73,893	1.123	1.138
Sonoma	10,281	41,827	58,670	11,497	122,275	1.073	1.084
Stanislaus	6,527	19,369	46,954	4,083	76,933	1.055	1.058
Sutter	1,586	6,956	9,966	1,821	20,329	1.040	1.032
Tehama	828	4,606	6,829	467	12,730	1.078	1.069
Trinity	—	1,398	2,179	241	3,818	1.051	1.107
Tulare	4,210	25,526	26,290	4,441	60,467	1.047	1.047
Tuolumne	206	5,186	6,973	994	13,359	1.057	1.083
Ventura	16,273	58,890	83,531	53,714	212,408	1.139	1.138
Yolo	5,798	11,535	17,098	4,442	38,873	1.140	1.159
Yuba	677	4,444	5,429	1,442	11,992	1.123	1.137
Totals	$1,112,213	$2,840,524	$3,245,372	$1,436,662	$8,634,771	1.126%	1.131%

[a] The county levies at a rate of $1.00 per $100 of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded is the following amount of state reimbursement to local governments: homeowners, $333,967,000.

[b] County levies for school purposes, such as junior college tuition and countywide school levies, are included with school levies.

[c] Includes debt levies on land and/or improvements only. Also includes the portion of the $1.00 levy allocated to jurisdictions previously taxing less than total property, i.e., land only or land and improvements only.

[d] Computed by dividing total levies by the assessed value and multiplying by 100.

Source: California State Board of Equalization.